

**Decree Law No. (16) for the year 2002  
Concerning the Financial and Administrative Audit Office  
(National Audit Office)**

**As amended by the Decree Law No. (49) for the year 2010  
Concerning the Amendment of some Articles of the National Audit  
Law issued by Decree Law No. (16) for the year 2002**

**Decree Law No. (16) for the year 2002**  
**Concerning the Financial and Administrative**  
**Audit Office**  
**(National Audit Office)**  
**As amended by the Decree Law No. (49) for the**  
**year 2010<sup>1</sup>**

We, Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain,

After perusal of the Constitution,

And the National Audit Law issued by Decree Law No. (16) for the year 2002

And according to the submission of the Prime Minister,

And after the approval of the Council of Ministers,

Hereby decree the following Law:

**Article 1**

The provisions of the attached law concerning the Financial and Administrative National Audit Office shall hereby come into effect.

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<sup>1</sup> The Decree Law No. (16) for the year 2002 concerning the National Audit Office Law has been amended by the Decree Law No. (49) for the year 2010 pertaining to the Amendment of Some Provisions of the Decree Law No. (16) for the year 2002 - published in the Official Gazette No. 2975 – issued on Thursday 25th Nov 2010.

## **Article 2**

The Executive Regulation of this Law shall be issued by a decree upon proposal from the President of the Financial and Administrative National Audit Office.

The Executive Regulation shall include, in particular, the organization of all matters referred to it in accordance with the provisions of the attached law, and any other matters required to implement its provisions.

## **Article 3**

Each minister, in his respective capacity, shall implement this Law, which shall come into force on the date of its publication in the Official Gazette.

**Hamad bin Isa Al Khalifa**  
**King of the Kingdom of Bahrain**

**Khalifa bin Salman Al Khalifa**  
**Prime Minister**

Issued at Riffa Palace

On the: 22<sup>nd</sup> of Rabie Al Thani 1423 Hijri.

Corresponding to 3<sup>rd</sup> of July 2002.

**The Financial and Administrative National Audit**  
**Office Law**  
**Chapter One**  
**Establishment of the National Audit Office, its**  
**Objectives and Formation**

**Article 1<sup>2</sup>**

There shall be established in accordance with the provisions of this Law an independent body, having a public legal personality, to be known as the Financial and Administrative National Audit Office “National Audit Office”. and shall be subject to the King.

The National Audit Office shall undertake the financial audit of the public funds and funds of the entities stipulated in Article (4) of this Law, and shall verify, in particular, the soundness and legality of using such funds and their proper management including the administrative aspects thereof through verifying the implementation of the administrative laws, resolutions and auditing the performance of the entities subject to the Audit office audit in accordance with the provisions of this Law in the manner stipulated therein.

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<sup>2</sup> Para.(2) has been amended by the Decree Law No (49) for the year 2010.

## **Article 2<sup>3</sup>**

The National Audit Office shall be composed of a President, two Undersecretaries and appropriate number of technical employees. An Assistant Undersecretary or more may be appointed according to the work's needs and requirements. The Audit Office shall employ the necessary number of administrative employees and assistants.

## **Article 3**

The National Audit Office shall consist of a number of directorates and sections; the number, composition, organization, scope of function of each, and the method of discharging the work thereof, shall be stipulated in the Executive Regulation.

## **Chapter Two** **Entities Subject to the Audit of the National Audit Office**

## **Article 4<sup>4</sup>**

The National Audit Office shall audit the following entities:

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<sup>3</sup> The term "Undersecretary" has been substituted by the "Two Undersecretaries" by Article (49) of the Decree Law No (49) for the year 2010.

<sup>4</sup> Clause (a), (e) and (g) has been amended by the Decree Law No (49) for the year 2010.

- a) Ministries, directorates and public organizations which constitute the administrative set-up of the State and entities attached thereto, provided that the Ministry of Interior, the National Guard, the National Security Agency and the other entities whose budget include secret expenses relating to the national security shall be exempted from audit with respect to such expenses.  
Any entity whose secret affairs must be observed in accordance with the Constitution or the Law shall be exempted from audit by the National Audit Office as well.
- b) The Consultative Council, the House of Representatives and the municipal councils;
- c) The provinces, municipal administrative organizations and all local organizations having public legal personality;
- d) The public organizations, public institutions and establishments affiliated to the State or to the provinces, municipalities, or other local authorities organizations having public legal personality, unless such audit conflicts with the laws organizing their works;
- e) The companies in which the State or an entity having public legal personality, holds more

than 50% of their capital, or which the State guarantees them minimum profit or provides them with financial assistance;

- f) The entities the laws of which stipulate that they shall be subject to audit by the National Audit Office;
- g) Any other entity, which the King authorizes the National Audit Office to audit, including the entities exempted from audit, provided that the reports concerning such entities shall be submitted directly to the king.

### Chapter Three Functions of the National Audit Office

#### Article 5

The National Audit Office shall undertake subsequent audit over the entities subject to its audit, and for so doing, it shall exercise the following functions:

**First:** To verify that the administrative bodies have collected the revenues due to the State, deposit thereof and add the same into their respective accounts.

In order to achieve this task, the National Audit Office shall, in particular, undertake the following:

- a) Audit the documents, statement and accounts to verify the soundness and accuracy of such dues;
- b) Ascertain that what has been collected represents the legally accrued amounts and that the financial transactions relating to the collections of such dues and their deposits have been conducted in a proper and regular manner according to the financial and accounting laws, rules and regulations;
- c) Verify that no exemption from taxes, fees or costs has been made other than in the cases provided for in the law and in accordance with its provisions.

**Second:** To verify that the expenditure has been incurred in an appropriate manner and within the approved limits of the budget appropriations, and in conformity with the objectives for which they have been allocated, and that the spending process through all its stages has been conducted according to the financial and accounting laws, rules and regulations.

In order to achieve this task, the National Audit Office shall, in particular, undertake the following:

- a) Verify that the allocated funds were used without extravagance;
- b) Ascertain that the documents presented to support the expenditure are correct, and the



amounts spent subject to such documents are identical to the figures of the accounting records;

- c) Verify that there was no overspending on funds allocated to each chapter or item of the budget, except after the approval of the designated authority, and according to the accounting laws, rules, regulations, and instructions.

**Third:** Audit the implementation of construction projects included in the plan.

In order to achieve this task, the National Audit Office shall, in particular, undertake the following:

- a) Ascertain that the implementation of these projects has been made within the cost limit and the prescribed periods, and has achieved the objectives specified in the plan, and to explain the reasons for the discrepancy and shortcoming.
- b) Verify the sound use of the funds allocated in the budget for such projects and that the amounts charged against these funds have been spent according to what they have been allocated for.

- c) Verify that no unbudgeted work has been done before an additional appropriation had been allocated thereto.
  
- d) Verify the soundness of the reasons for under-spending of all or part of the funds allocated in the budget for construction projects, and that no surplus in the fund of certain work had been used to exceed the funds allocated to other projects, so as to cause an increase in the final costs of that work in excess of the amount allocated thereto in the budget, without the approval of the authority endowed with the right to approve the excess of the final costs.

**Fourth:** Audit all settlement accounts such as the deposits, loans and current accounts, and to ascertain the soundness of related transactions, and that figures thereof are registered in the accounts, and that they are correct and supported by legally prescribed documents.

**Fifth:** Audit the accounts of loans extended or received by the State or one of the entities subject to the audit of the National Audit Office. The Audit Office shall ascertain, in the first case, that the payment of the principal loan, its interest and related charges were made according to the conditions of the loan agreement, and to ascertain, in the second case, that the State or the borrowing entity had paid the principal of the loan, its interest and the related

charges in due time, and to ensure, in both cases, that the financial conditions of the loan agreement are proper.

The provision of this clause shall be applicable to loans guaranteed by the State, or one of the entities subject to the audit of the National Audit Office.

**Sixth:** Examine and review the resolutions relating to employment in the entities prescribed in Article (4) of this Law, with respect to employment, promotions, allowances, supplementary salaries, settlements, and the like, as well as travel and transportation allowances, in order to ascertain the soundness of such resolutions and their conformity with the rules of the State budget, and with all the financial rules, laws, regulations and resolutions regulating this subject matter.<sup>5</sup>

**Seventh:** Examine and review the pensions accounts, indemnities, insurance payments, social insurance and subsidies, and ascertain their conformity with the laws, regulations and resolutions regulating them.

**Eighth:** Review the areas in which the public funds are invested inland and aboard, and funds of other entities subject to the audit of the National Audit Office, unless such review contradicts the laws regulating their work. The Audit Office shall also

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<sup>5</sup> This clause has been amended by the Decree Law No (49) for the year 2010.

review the accounts of these investments, and the appropriateness of their returns, and make its due comments in this respect.<sup>6</sup>

**Ninth:** Inspect all warehouses, stores and stocks belonging to the entities subject to the audit of the National Audit Office, and shall for so doing undertake, in particular the following:

- a) Examine and review the documents, books, records and accounts relating to the warehouses, stores and stocks herein referred to, in order to ascertain the correctness of the accounting records related thereto;
- b) Ascertain the soundness of the physical stock-taking operations;
- c) Study the reasons which led to the accumulation of inventories or their damage, explain how it shall be dealt with, and suggest the suitable means to avoid the occurrence of such stocking or damage in future;
- d) Suggest the appropriate means for safekeeping and maintaining the stocks, and the necessary rules for making sound plans for supplying the warehouses and stores;

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<sup>6</sup> This clause has been amended by the Decree Law No (49) for the year 2010.

- e) Ascertain the adequacy of the systems and regulations relating to the warehouses, stores and their proper implementation, and draw the attention to the deficiencies which might be observed in the aforementioned systems and regulations in order to avoid such deficiencies in future.

If it appeared to the National Audit Office that there is evidence that any of the warehouses, stores or stocks had been mishandled, the Audit Office shall request the concerned entity to undertake by itself an immediate stocktaking. In such case, the Audit Office's designated employee shall attend the physical stocktaking without participating therein.

**Tenth:** Disclose acts of embezzlement, negligence and financial violations which occur in the entities subject to the audit of the National Audit Office, investigate the reasons behind that, and identify the weaknesses in the systems which led to their occurrence, or which assisted or facilitated their occurrence, and to propose the means for their treatment.

**Eleventh:** Carry out stocktaking of the currency, stamps and securities to ascertain their conformity with the related accounting entries.

**Twelfth:** Examine and review the final accounts of the State and the other public entities subject to the

audit of the National Audit Office for the ended financial year with the objective of issuing an independent technical opinion on the correctness of these accounts and financial statements relating thereto, and to ascertain that they are prepared according to the applicable accounting standards.

**Thirteenth:** Study the reports of the auditors of the companies subject to the audit of the National Audit Office, and the audited financial statements and reports of their boards of directors. The Audit Office shall have the right to review any records, books documents or papers concerning the business of these companies.

**Fourteenth:** To ascertain the soundness and legality of the use of the funds of the entities subject to the audit and its proper management, as well as their administrative aspects, in particular, the following:

- a) To ascertain that the entities subject to the audit implement their various plans and programs.
- b) To ascertain the soundness and appropriateness of the administrative procedures applicable in the entity subject to the audit, reveal the reasons for the shortcomings in their performance – if any –and suggest reasonable alternative means.

- c) To review the ways and means of the implementation of the regulations and the administrative systems to ascertain the commitment in implementing the provisions of the Constitution and the Laws issued in this respect.
- d) To ascertain the best utilization of the State's public utilities and the available resources.<sup>7</sup>

### **Article 6**

The National Audit Office shall, in accordance with the powers conferred on it by this Law, undertake the following:

- a) Review the financial, administrative and accounting rules and regulations systems, and the commitment to apply the laws and regulations, and the methods of processing the financial and administrative transactions in order to ascertain their correctness, identify their deficiencies and shortcomings, and suggest the necessary means for their rectification and improvement, to upgrade the administrative procedure and rendered services to their best standards, and to raise the level of

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<sup>7</sup> Clause (C) and (d) have been introduced by the Decree Law No (49) for the year 2010.

protecting the funds subject to audit to the best standard of safety, efficiency and accuracy.<sup>8</sup>

- b) Study and examine the administrative, auditing and internal control systems concerning the computer programs, to ensure the efficiency and adequacy of these systems, and to identify their deficiencies and weaknesses, and make sure that these systems are protected from unauthorized access and to propose reasonable means for the treatment of such deficiencies;
- c) Ascertain that the set and approved objectives for which the budget allocated from public funds subject to the audit, have been met, and that the resources available to meet these objectives have been utilized in a proper manner to achieve optimum outputs with minimum possible resources; and shall also investigate the reasons for not achieving the objectives, or non-utilization of the available resources in an efficient manner, and provide the necessary recommendations in this respect;
- d) Study the efficiency of the financial and administrative operations with regard to their speed, cost, quality and performance, without complications or duplications, and to explain

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<sup>8</sup> This clause has been amended by the Decree Law No (49) for the year 2010.



the balance between the input and output of goods and services, in order to achieve efficiency, effectiveness and savings in the utilization of the resources. To study the conformity and balancing of the financial expenditure with the targeted public benefit and the importance of such expenditure and its economic feasibility, and to determine the spending priorities.

## **Chapter Four** **The National Audit Office's Performance Of** **Duties**

### **Article 7**

The National Audit Office shall carry out its duties stipulated in this law through auditing, inspecting, examining and reviewing. It shall carry out such duties on its own initiative or upon request of the entities subject to its audit. The inspection may be effected without notice.

The audit carried out by the National Audit Office may be comprehensive or selective according to the rules stipulated in the plan of work drawn up by the President of the Audit Office.

## **Article 8**

The National Audit Office shall, in addition to the documents stipulated by the laws, regulations, financial and administrative circulars, have the right to review and examine any documents, records and/or other papers as it may consider necessary to carry out its duties in a proper manner. The Audit Office shall have the right to keep the documents, records or papers, if it is so required, until it completes its works.

The audit of the Audit Office shall include assets of all kinds, in order to verify their proper utilization and safekeeping.

The audit shall be carried out in the Audit Office's headquarters, or at the main office of the entity where the books, accounts, records and supporting documents and other items subject to the examination and review of the Audit Office, are maintained, and the Audit Office shall determine the above, subject to what it deems fit for the benefit of the work and its proper organisation.

## **Article 9**

Entities subject to the audit of the National Audit Office shall provide all necessary facilities to enable the employees of the National Audit Office to carry out their duties. These entities shall not refuse to provide the National Audit Office with the required

documents, records or papers, unless the financial details in the documents relate to national security, or are highly confidential.

The National Audit Office shall have the right to contact directly with the heads and directors of accounts in the entities subject to audit after informing the concerned authority therein, and shall also have the right to correspond with and inspect their work.<sup>9</sup>

### **Article 10**

If any entity subject to the audit of the National Audit Office refused to allow the employees of the Audit Office to carry out their duties stipulated in this Law, the President of the Audit Office may issue a decision to seal the boxes, safes and places in which the accounts, books, papers and documents required to be examined and reviewed are located with red wax and to stamp them with the official stamp; provided that the decision should include the appointment of one employee or more from the Audit Office for its implementation. If the concerned entity refused to implement the decision or to co-operate, the National Audit Office may, after consulting its President, seek the police assistance to execute the decision and guard the sealed places.

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<sup>9</sup> This para has been introduced by the Decree Law No (49) for the year 2010.

The President of the Audit Office must take the necessary proceedings to break the seals and finalize the physical stock-taking of the contents within a maximum period of three working days, otherwise the minister concerned or his designate may issue a resolution to complete this task and prepare a detailed report on this matter.

### **Article 11**<sup>10</sup>

The National Audit Office shall notify the entities subject to its audit with the financial and administrative violations it discovers, and request them to take the necessary proceedings to correct the administrative procedure and collect the amounts due to them, or the amounts unlawfully spent during a specific period of time. The Audit Office shall have the right to refer the issue to the concerned authority to take criminal proceedings if it has material evidence that a crime has been committed.

### **Article 12**<sup>11</sup>

All the employees of the entities subject to the audit of the National Audit Office are deemed responsible for their acts relating to the funds and documents subject to the audit in accordance with the rules

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<sup>10</sup> This Article has been amended by the Decree Law No (49) for the year 2010.

<sup>11</sup> This Article has been amended in accordance with the Decree Law No(49) for the year 2010.

stipulated in this Law and the Executive Regulation, and all their acts shall be subject to the audit of the Audit Office. As far as the acts or facts attributed to the ministers are concerned, the Audit Office shall only prepare a report with regard to such facts or acts, which report shall be submitted by the President of the Audit Office to the King, the Council of Ministers and the House of Representatives.

## **Chapter Five** **Financial and Administrative Violations and** **Action to be taken in Their Regards**

### **Article 13**

**First:** In the implementation of the provisions of this Law, the following shall be considered as financial violations:

- a) Violations of the rules, regulations and financial procedures stipulated in the Constitution, laws, rules and regulations;
- b) Violation of the provisions of the State's general budget and the budgets attached thereto or independent therefrom, in addition to the budgets of the other entities subject to the audit of the National Audit Office;

- c) Any wrong act, whether committed intentionally, recklessly, or negligently, which results in unlawful spending of funds subjected to the audit or in the loss of any of the State's financial rights or a right of any of the entities subject to the audit or prejudice any of their financial interests, or cause damage to the properties subject to the audit, or delay the execution of construction projects;
- d) Embezzlement of funds subject to the audit or abuse the safekeeping thereof;
- e) Violation of the provisions of the Tenders law, regulations and procedures relating to purchases, sales and warehouses affairs, in addition to all the applicable financial and accounting regulations, procedures and rules;
- f) Engagement in unnecessary expenditures, or expenditures which are not required for public interest.

**Second:** The following shall also be considered as financial violations:

- a) Failure to provide the National Audit Office with the accounts and their supporting documents on the fixed dates, or with the papers and documents it requires for carrying out its audit.

- b) Failure of the entities subject to the audit of the National Audit Office to take the necessary proceedings, within one month from the date of their notification by the Audit Office to collect the lost amounts of money, or unlawfully spent funds or funds which have become due but negligently not collected.

### **Article 14**<sup>12</sup>

In the implementation of the provisions of this Law, the following shall be considered as administrative violations:

- a) Failure to reply to the National Audit Office's comments or correspondences, or to delay the reply without acceptable excuse. The reply of the concerned employee, with the intent of procrastination or temporization shall be considered as no reply;
- b) Failure of the entities subject to the audit of the National Audit Office to inform the Audit Office of the financial and administrative violations it discovers within seven days from the date of their discovery;

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<sup>12</sup> Clause (C) has been amended by Decree Law No. (49) for the year 2010.

Clause (d) and (e) have been introduced by the Decree Law No (49) for the year 2010.

- c) Any act or negligence or hiding of information deemed to obstruct the National Audit Office from performing its duties in a proper manner.
- d) Provide the National Audit Office with untrue statements or papers or documents.
- e) Non-compliance with the laws, regulations, rules and resolutions relating to the employment affairs and employees which deemed to achieve justice, equality and fair chances of employment.

### **Article 15**<sup>13</sup>

Any person who commits any of the violations stipulated in the preceding two Articles, or participates therein by any means, whether by inducement, collaboration or aiding, and any person who delays or fails to report such violations, or conceals their perpetrators in any manner, shall be held liable.

The disciplinary proceedings and the punishment passed with respect to such violations, shall be subject to the disciplinary provisions stipulated in the Civil Service Law and its Executive Regulation, or in the

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<sup>13</sup> The phrase (Civil Service regulations) has been substituted by the phrase (Civil Services Law and its executive Regulations) by Article (4) of the Decree Law No. (49) for the year 2010 wherever it appears in this Law.



disciplinary regulations of the entities subject to the audit of the National Audit Office, or in the Labour Law for the Private Sector enacted by the Legislative Decree No. (23) of 1976, as the case may be.

### **Article 16**

In case any entity subject to the audit of the National Audit Office discovers any financial or administrative violation under this Law, it must provide the Audit Office with a report on such violation and copies of the supporting documents within a maximum period of seven days from the date of its discovery.

### **Article 17<sup>14</sup>**

Every entity subject to the provisions of this Law must, immediately refer to investigation upon discovery, any violations which occur therein. Upon receiving the result of the investigation, it must decide whether to stay the proceedings or punish the offender. The entity shall provide the National Audit Office with the decision taken on such violations within seven days from the date of the decision, accompanied by the records of the investigation and other papers and documents relating thereto.

The concerned authority shall follow in the investigation and disciplinary proceedings the

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<sup>14</sup> The two last paragraphs have been introduced by the Decree Law (49) for the year 2010.

procedure stipulated in the Civil Service Law and its Executive Regulation. The provisions of this Article shall be applicable to the financial and administrative violations discovered by the Audit Office and notified to the entity subject to the audit thereof.

### **Article 18**

If it appears to the National Audit Office from the inspection of the documents that the decision to stay the proceedings is incorrect, or the punishment passed against the offender is not appropriate to the committed violation, the President of the Audit Office shall return the papers to the entity which issued the decision within fifteen days from the date of its entire receipt by the Audit Office, and shall require such entity to reconsider the subject matter, either by punishing the offender in case the decision relates to staying the proceedings, or to increase the punishment in order to make the punishment appropriate to the violation.

The concerned entity shall take action on the request of the National Audit Office, and shall inform the Audit Office of the result within a maximum period of seven days from the date of receiving the papers returned by the National Audit Office.

**Chapter Six**  
**Reports and Comments of the National Audit**  
**Office**

**Article 19**

The President of the National Audit Office shall prepare an annual report on the final account of the State and the final accounts of the entities subject to the audit, and the results of the performance audit and administrative audit explaining therein his comments and any disagreement between the Audit Office and entities subject to its audit.<sup>15</sup>

This report shall be presented to the King, the Council of Ministers and to the House of Representatives before the prescribed date for the approval of the final account concerning that report.

The House of Representatives may invite the President of the Audit Office to attend the sessions in which the House discusses the Audit Office's report, and shall allow the President to express his views on the matters under discussion, and on the government replies or statements concerning the said matters.

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<sup>15</sup> This para. has been amended by the Decree Law No (49) for the year 2010.

## **Article 20**<sup>16</sup>

The National Audit Office shall prepare an annual report concerning each company subject to its audit, and shall present such report to the administrative entity which supervises the company, to the Ministry of Finance and to the company's board of directors within a period not exceeding thirty days from the date of receiving the audited financial statements from such companies.

The President of the National Audit Office, or one of the Two undersecretaries, or one of the Assistant Undersecretaries may attend the company's general assembly meetings at which the auditors' report and the board of directors reports are discussed, and he shall address the meeting and express his views on matters under discussion, and he may raise explanations and ask for clarifications, but shall not have the right to vote.

## **Article 21**

The President of the National Audit Office may present other reports during the financial year on matters which he considers to be of great importance, and which need to be promptly brought to the attention of the concerned authorities.

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<sup>16</sup> Para.(2) has been amended by the Decree Law No (49) for the year 2010.

## **Article 22<sup>17</sup>**

The National Audit Office shall issue the results of its audit and inspection in the form of comments to be advised to the concerned entities through the ministers to whom they are affiliated. Such entities must provide the Audit Office with their replies to such comments, fulfill the requests of the Audit Office and take the required proceedings to correct the administrative proceedings and collect the lost funds, or the unlawfully spent funds, or funds which fell due but negligently not collected within one month from the date of their notification thereof.

## **Chapter Seven** **The National Audit Office's Employees** **Regulations**

### **Article 23**

The President of the National Audit Office shall be appointed and removed from office by a Royal Decree, and shall be treated as a Cabinet Minister with regard to salary, pension, allowances and financial benefits.

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<sup>17</sup> This Article has been amended by the Decree Law No (49) for the year 2010.

## **Article 24**

The President of the National Audit Office shall take the following oath before the King prior to assuming duties of his office:

“I swear by Almighty God to be faithful to the Nation and the King, and to respect the Constitution and the law, and endeavor to maintain and safe keep the public funds, and shall discharge my duties with honesty, truthfulness and observe the confidentiality of such duties.”

## **Article 25**

The President of the National Audit Office shall supervise the technical, administrative and financial activities of the Audit Office, and its employees, and shall issue the required decisions to regulate and manage its works. In so doing, he shall be assisted by the two National Audit Office’s Undersecretaries.

One of the two National Audit Office’s Undersecretaries shall replace the President during his absence, and the President shall have the right to delegate part of his authorities stipulated in this Law to one of the Undersecretaries or to any Assistant Undersecretary.<sup>18</sup>

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<sup>18</sup> This para. has been amended by the Decree Law No (49) for the year 2010.

## **Article 26**

The President with respect to the National Audit Office's employees shall have the authority vested on him by the Laws and regulations on a minister concerning the employees of his ministry. He shall also have the authority vested on the Minister of Finance regarding the estimation of the Audit Office's expenditure in the budget, and the use of the budgets approved for the Audit Office as well, without being subject, in this respect, to the supervision of the Council of Ministers, Ministry of Finance or the Civil Service Bureau.

## **Article 27**

The National Audit Office shall be represented by its President before the Judicial authorities and in its relations towards third parties.

## **Article 28**

The President of the National Audit Office shall not be dismissed from office, nor his service be terminated except for one of the following reasons:

- a) Resignation;
- b) Attainment of retirement age;
- c) Proved disability to carry out his duties due to health reasons;
- d) Assignment to another job with his consent; or

e) Dismissal from office by a Royal Decree.

### **Article 29**<sup>19</sup>

The Two Undersecretaries and the Assistant Undersecretaries shall be appointed by a Royal Decree upon nomination by the President of the National Audit Office and they shall be subject, with respect to their salaries, pension, allowances and financial benefits to the salary schedule applicable to the employees of the Audit Office and they shall be subject to the provisions of disciplinary proceedings stipulated in this Law and in the Executive Regulation.

The appointment for the technical and other employees shall be made by a decision taken by the President of the Audit Office.

The technical employee shall mean, subject to this Law, whoever fills one of the technical posts in the salaries schedule of the National Audit Office, and who must be a holder of a bachelor degree or high qualification degree in accounting, law or finance from a university accredited by the concerned authority in the kingdom of Bahrain.

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<sup>19</sup> This Article has been amended by the Decree Law No (49) for the year 2010.



### **Article 30**

The National Audit Office's Undersecretaries, Assistant Undersecretaries or technical employees shall not be dismissed from office, except through disciplinary proceedings, and they shall not be transferred or delegated to other jobs outside the Audit Office, or seconded, without taking their opinion and the approval of the President of the Audit Office.

### **Article 31**<sup>20</sup>

The President of the National Audit Office, the Two Undersecretaries, any of the Assistant Undersecretaries, or any Audit Office's employee shall not assume any other public job during his employment with the Audit Office, or not engage himself, directly or indirectly, in any professional or commercial business, or buy any of the State properties, even in a public auction, or rent or sell to the Government any of his properties or exchange the same therewith. He shall not be party to any commitments made by the State, public organizations or public corporations, or combine his job with membership in the board of directors of any public organization, public corporation or company.

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<sup>20</sup> This Article has been amended by the Decree Law No (49) for the year 2010.

## **Article 32**

The President of the National Audit Office, the Two Undersecretaries, the Assistant Undersecretaries and all other employees of the Audit Office shall not disclose confidential information and statements which they obtain or take cognizance thereof by virtue of their duties, and are not allowed to move, surrender or allow such confidential information or statements to be perused by unauthorized persons, except by permission of the judicial authorities. Such prohibition shall continue after the end of the employee's service.

## **Article 33<sup>21</sup>**

The President of the National Audit Office, the Two Undersecretaries, and the Assistant Undersecretaries shall submit their proportion declarations to the king, at the beginning of their appointment, every five years thereafter, and at the end of their services, a declaration containing statement of all movable and real estate properties they own, and the source of such ownership, whether it be in their names, names of their spouses or names of their minor children.

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<sup>21</sup> This Article has been amended pursuant to Article (1) (J) of the Law No. (23) for the year 2010 Pertaining to the Declaration of Properties.

The technical employees of the Audit Office, with respect to the declaration of their properties, shall be subject to the Declaration of Properties law.

### **Article 34**

Any employee of the National Audit Office who breaches the duties of his job, or appears in a manner deems prejudicial to the honour and dignity of the job, or puts himself under suspicion and doubts, shall be subject to disciplinary punishment, and he shall not be exempted from punishment on the basis that he acted upon his superior's order, unless he proves that the violation was committed in the course of executing a written order issued to him by his superior in spite of the fact that he drew his superior's attention to the violation by a written notice, and in which case, the responsibility shall be on the issuer of the order only. The employee shall not be held liable pursuant to the Civil Law, except for his personal wrongdoing.

### **Article 35**

The disciplinary punishments which may be passed against the technical employees of the National Audit Office are:

- (a) Warning.
- (b) Deduction from salary for a period not exceeding one month.

- (c) Deprivation from promotion for a period not exceeding three years.
- (d) Dismissal from service.

### **Article 36**

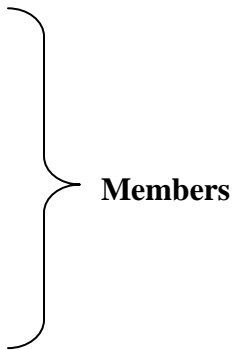
The authority to refer the Two National Audit Office's, Undersecretaries, the Assistant Undersecretaries and technical employees to investigation shall be vested on the President of the National Audit Office. The investigation, shall be conducted by the person to be delegated by the President of the Audit Office.

### **Article 37**

The disciplinary proceedings against the Two National Audit Office's Undersecretaries and the Assistant Undersecretaries shall be undertaken by a disciplinary board composed of:

- a) A Puisne Justice of the Court of Cassation **Chairman**
  - b) A Puisne Justice of the High Civil Court of Appeal to be selected by the Supreme Judiciary Council.
  - c) President of the High Civil Court.
- } **Members**

The disciplinary proceeding against the technical employees of the Audit Office shall be undertaken by a disciplinary board composed of:

- a) A Puisne Justice of the High Court of Appeal to be nominated by Supreme Judiciary Council. **Chairman**
  - b) One of the undersecretaries of the National Audit Office or one of the Assistant undersecretaries to be nominated by the President of the National Audit Office.
  - c) A legal advisor from the General Directorate of Legal Affairs to be Nominated by the Minister of Cabinet Affairs.
- 
- Members**

The meeting of the disciplinary board shall not be valid unless attended by all its members, and the resolutions shall be adopted by a majority vote of its members. The chairman of the disciplinary board shall inform the President of the Audit Office of the board's resolution within a week from the date of its issuance.

The decisions of the disciplinary board, whether taken in the presence of the accused or in absentia, shall be final. The President of the Audit Office and the concerned persons may appeal against the board's decisions before the High Court of Appeal within fifteen days from the date of their notice thereof, and the disciplinary decisions shall not be suspended

unless the Court entertaining the appeal issues an order to that extent.<sup>22</sup>

### **Article 38**

The Executive Regulation shall subject to the provisions of this Law, set forth the rules concerning the employment regulation of technical and other employees of the National Audit Office, particularly the terms of their appointment, appraisal of their qualifications, their promotions, transfer, delegation, secondment, salaries, remunerations, leaves, and the supplementary provisions concerning their discipline and termination of service which shall take place without adherence to the provisions of the Civil Service Law and its Executive Regulation.

### **Article 39**

There shall be established in the National Audit Office a Human Resources Committee to be constituted under the chairmanship of one of the National Audit Office's undersecretaries, and four members from the senior technical employees to be appointed by a decision of the President of the Audit Office. The decision shall specify the person who shall be the secretary of the committee.

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<sup>22</sup> This Para. has been introduced by the Decree Law No (49) for the year 2010.

If a committee member is absent or unable to perform his duties, the President of the Audit Office shall select by a decision to be taken by him, a substitute member to take his place.

The Committee shall have jurisdiction over all matters relating to the Audit Office's employees affairs in accordance with the rules stipulated in the Executive Regulation.

### **Article 40**

Unless specifically stipulated in this Law or in the Executive Regulation, all rules and provisions of the Civil Service Law and its Executive Regulations shall be applicable to all employees of the National Audit Office's.

## **Miscellaneous Provisions**

### **Article 41**<sup>23</sup>

The National Audit Office shall have an independent budget which shall be recorded in a special section of the general budget of the State as one figure.

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<sup>23</sup> This Article has been amended by Decree Law No (49) for the year 2010.

The President of the Audit Office shall prepare a proposed detailed budget to be approved by the king, and shall forward it within the legal time limit to the Minister of Finance who shall thereafter include the same in the State budget as received by him.

### **Article 42**

The budget of the National Audit Office shall include, in particular, a statement about the number of jobs required for the Audit Office, their types, scales and salaries.

### **Article 43**

An external auditor shall be appointed by a Decree to audit the accounts of the National Audit Office. The remuneration of the auditor shall be in accordance with the basis stipulated in the Executive Regulation and shall be at the expense of the Audit Office.

### **Article 44**

The President of the National Audit Office shall prepare the Audit Office's plan of action, which shall specify the ways and means to be adopted by the Audit Office in carrying out its functions.

The plan shall be kept in strict confidentiality, to the extent that none of the entities subject to the audit of the Audit Office shall become aware of its contents.



## **Article 45**

The Ministry of Finance shall provide the National Audit Office with the final accounts of the State, their detailed statements and the proposed budget laws.

The entities subject to the audit of the Audit Office, shall provide the Audit Office, within the legally specified time, with the papers and documents which enable it to do its business together with their budgets, final accounts, whatever adjustments made thereto, additional amendments and the results of annual stock-taking of their stores and warehouse, achievement reports and any other accounts stipulated in the Executive Regulation.

## **Article 46**

In auditing the secret expenditures, the concerned minister shall be required to submit to the National Audit Office, every three months, a declaration signed by him, containing a statement of the amounts spent during this period from his ministry's secret allocations in the budget, and a certificate providing that these amounts were spent within the limits of the allocated amounts, and the objectives for which the amounts have been allocated.

The minister shall send the declaration to the President of the Audit Office in a confidential manner within ten days from the final date of the declaration

period. The President of the Audit Office must maintain the confidentiality of this declaration.

### **Article 47**

The National Audit Office shall have the right, in its own endeavor, to audit some of the technical aspects of the entities subject to its audit, to seek the assistance of experts, technical persons and auditors it deems appropriate. The remunerations and remuneration of each individual assignment shall be determined by decisions taken by the President of the Audit Office.

### **Article 48**

Disagreements between the National Audit Office and the entities subject to its audit, with regard to the audit of the Audit Office, shall be referred to an entity or a committee to be appointed by a Royal Order for their settlement.