

**Law No. (79) of 1975
on the Audit Bureau**

In the name of the People,

The Revolutionary Command Council:

Upon review of:

- The constitutional declaration;
- The Audit Bureau Law issued on 10 Shaaban 1386 AH, corresponding to 23 November 1966 AD, and amending laws thereto;
- Law No. (85) of 1970 regulating planning and development affairs and amending laws thereto;
- The Law of the Financial System of the State issued on 21 Rajab 1387 AH, corresponding to 24 October 1967 AD, and amending laws thereto;
- Law No. (118) of 1973 approving certain provisions on auditors;
- Based on the submission of the Prime Minister and the agreement of this Council;

issued the following Law:

**Chapter (1)
Organization of the Audit Bureau**

Article (1)

The Audit Bureau shall be an independent body appendant to the Revolutionary Command Council. The objective of the Bureau shall be to achieve effective control over public funds in accordance with the provisions of this Law.

Article (2)

The Bureau shall consist of a head, a deputy, a sufficient number of members, and the required number of employees and administrators.

Article (3)

The appointment, dismissal, and acceptance of the resignation from the position of the head of the Bureau shall be pursuant to a decree from the Revolutionary Command Council. Salary and other financial and administrative matters shall be treated in the same manner as those of a minister.

Article (4)

The Audit Bureau shall have a deputy with a grade of deputy minister.

Article (5)

Members of the Bureau shall be the Bureau deputy and the technical employees of the Bureau that hold a grade not lower than director-general.

Bureau members shall be appointed and transferred from their positions pursuant to a decree issued by the Revolutionary Command Council based on the submission of the Prime Minister after consulting the Bureau head.

Article (6)

The head, deputy, members, and technical employees of the Bureau must be Libyan nationals holding higher or university credentials in law, economy, trade, auditing, accounting, or any other university or higher credential required by the nature of work at the Audit Bureau.

Article (7)

The head, deputy, and technical employees of the Bureau may not hold any other public position or engage in any other activity, whether commercial, industrial, or financial, and they may not enter into a contract or commitment with the State, public institutions or bodies, or other entities subject to Bureau control. They also may not be on company boards of directors or purchase or lease state property, directly or through an agent, with the intent of benefiting therefrom, even if through public auction, and they may not sell or lease any of their property to the state except with special permission from the prime minister.

Article (8)

The Bureau head shall handle technical and administrative oversight of Bureau activities and issue the instructions that enable the Bureau to perform its duties.

The Bureau head shall also issue the internal regulations and decrees required to regulate and manage the Bureau. In this regard, the head shall hold the powers of a minister as provided by law and in regulations with regard to the deputy, members, and employees of the Bureau, and the head shall have the powers entrusted to the treasury minister with regard to the use of the allocations provided in the Bureau's budget.

Article (9)

The Bureau deputy shall assist the head in his duties and exercise the competencies thereof if the head is absent or his position is vacant.

The Bureau head may assign to his deputy certain of his competencies provided in this Law, with the exception of those set out under Articles (8.2), (20), (29), (32), and (33).

Article (10)

Bureau members and employees may not be assigned or seconded to any other entity or tasked with any other job without the agreement of the Bureau head.

Article (11)

Audit Bureau members may not be dismissed. If it becomes clear that a member has lost the confidence or standing required for the position, their service shall be terminated after obtaining the approval of the body from which the disciplinary court is formed, pursuant to a decree from the Revolutionary Command Council, based on the submission of the prime minister.

Article (12)

A committee shall be formed in the Bureau for the affairs of its members and employees. This committee shall be presided over by the Bureau head or his deputy in the event of his absence, and have as members the head of the Fatwa and Legislation Department or representative thereof from the members of the department, the Deputy Minister of Labour and Civil Service or a representative thereof from the employees of the department, and the two most senior members of the Bureau. In the event of the absence or inability of one of the Bureau members to attend, the next most senior Bureau member shall take their place.

This committee shall have all the competencies entrusted thereto under the laws and regulations for the Civil Service Committee, the Ungraded Employee Affairs Committee, and the Higher Committee for Delegations. The meetings of this committee shall not be valid unless attended by all of its members. Committee resolutions shall be passed by majority.

The Bureau deputy shall assume the competencies of a deputy of the Ministry of Labour and Civil Service.

Article (13)

Disciplinary cases against the head or deputy of the Bureau shall be filed pursuant to a substantiated decree from the Revolutionary Command Council, based on an investigation made by a committee formed for this purpose.

A special committee holding jurisdiction to try the head and deputy of the Bureau for disciplinary violations shall be formed pursuant to a decree from the Revolutionary Command Council. The only penalty this committee may impose against the head and deputy is that of dismissal.

The decision of the special committee shall be substantiated and final, and may only be appealed before the Supreme Court.

Article (14)

Jurisdiction to discipline members of the Bureau, with the exception of the deputy, shall be held by a disciplinary court made up of the following:

1. Counsellor from the Supreme Court, Chair
2. Head of the Fatwa and Legislation Department, Member
3. A member of the Audit Bureau holding a grade not lower than that of the member transferred to trial, Member

Article (15)

The court set out in the preceding Article may impose the disciplinary penalties of warning, censure, and dismissal.

The implementing regulations of this Law shall include the special provisions on disciplinary investigations and trials.

Article (16)

Where no special provision is made in this Law, the head, deputy, members, and employees of the Bureau shall be subject to the Civil Service Law.

Article (17)

The Bureau shall draw up its annual draft budget and submit it to the Treasury Minister no later than the end of the month of August of each year. The Treasury Minister shall enter the draft into the state's general draft budget. If the Bureau's budget includes an increase in the total allocations of the preceding year, the Treasury Minister may enter the allocation of said year and submit the increase to the Cabinet.

The Bureau shall be audited in accordance with the rules provided under special regulations issued by a decree from the Revolutionary Command Council, based on the submission of the Prime Minister, after consulting the head of the Bureau.

Chapter (2) **Competencies of the Audit Bureau**

Article (18)

1. The Bureau shall hold competency to examine and audit state accounts and the accounts of public entities and institutions, irrespective of whether the laws relevant thereto provide for a special auditing system or not.
2. The Bureau shall also hold competence to examine and audit the accounts of the following entities:
 - a. Companies in which the state or a public institution or body holds shares accounting for not less than 25% of the capital or that guarantees it a minimum amount of the profits.
 - b. Businesses whose owners receive direct assistance or exemptions from the state or state loans if the loan agreement stipulates they are subject to audit by the Audit Bureau.
3. The Bureau shall also hold competence to examine and audit any other account that it has been entrusted to examine and audit pursuant to a decree from the Chairman of the Revolutionary Command Council or the Prime Minister.

Article (19)

1. Auditors at public bodies and institutions and companies fully owned by the state whose laws provide for a special audit system shall be appointed based on the proposal of the Bureau head. The Bureau head shall also propose the remuneration provided to such auditors for their work.
2. Without prejudice to auditors' responsibility to the competent minister and the entities set out in the preceding paragraph, such auditors shall be responsible to the Audit Bureau for their examination and audit of these entities, and shall be deemed to be assigned to perform a public service in the application of Article (33) of this Law and subject to the provisions thereof.
3. The Bureau may contact auditors at the entities set out in Articles (18.2) and (18.3) and paragraph (1) of this Article and give them directives related to the method of examination and audit.

Such auditors shall provide the Bureau with a copy of each report they submit to the concerned entity, and the Bureau may review these reports and fill in any deficiencies or ambiguities therein or assign said auditors to do such.

When auditing these entities, the Bureau may use the reports submitted by these auditors after their full completion or perform any special audits they deem necessary in this

regard. In doing such it may obtain all clarifications and information needed from said auditors and from the entities directly. The Bureau may review the books, documents, and the like required for the examination and audit.

4. Audits of the companies and businesses referred to in Article (18.2) and (18.3) of this Law shall be in accordance with observed accounting rules and within the scope of the provisions regulating the activities of these companies and businesses.
5. The boards of directors and officials at the entities referred to in the preceding item shall submit the Bureau's observations to the general assemblies or bodies holding competency to approve the budget and balance sheets of these entities when they convene. The Bureau may attend general assembly meetings of the companies whose auditors are appointed in accordance with the provisions of this Article.

Article (20)

The Treasury Ministry shall submit the state's balance sheet to the Audit Bureau within a period not more than six months from the end of the fiscal year.

The Bureau head shall write up an annual report on the state's balance sheet for the ended fiscal year, making therein the financial observations he deems fit and laying out conflicts between it and the various entities. The head shall submit this report to the Cabinet and treasury minister on a date not more than four weeks following his receipt of the balance sheet from the treasury minister.

The Bureau head may submit similar reports as needed on matters he deems important or involving risk and requiring prompt review.

Article (21)

- a. When auditing State revenue, the Bureau shall be concerned with the following:
 1. Oversee the collection of revenue and confirmation that all amounts collected were provided to the public treasury and entered into the accounts allocated therefor.
 2. Verify that all provisions of financial laws and the implementing regulations thereof were observed and applied correctly, and review anything that might seem to be deficient or faulty.
 3. Study the financial regulations and laws in force to confirm the application, adequacy and appropriateness thereof to ensure collection of taxes, fees, and all other public revenue in accordance with the laws in force.
- b. In particular, the Bureau shall establish the following:
 1. Revenue provision slips, the documentation representing them, and records were reviewed by the competent employees and the amounts stated therein were correctly added to the public revenue.
 2. Revenue and arrears statements submitted by the public authorities clearly indicate that the revenues collected plus the amounts earned and not yet collected equal all of the revenue due to the state pursuant to the laws and regulations in force, and that the authorities were not negligent or late in collecting such arrears.
 3. No exemptions from tax, fees, or payment of any other monies due occurred other than in those cases provided under the laws and with the approval of the authorities holding competence pursuant to these laws.
 4. Taxes, fees, and all other public revenue was collected in accordance with the law.

Article (22)

- a. With regard to expenditures, the Bureau shall hold competence in the following:
 1. Establish that all allocations were used for the designated purposes and this use was in accordance with the laws and regulations in force.
 2. Verify that all payments are supported and their disbursement backed up by correct documentation, authenticate conformance of the documents and coupons with the numbers entered into the accounts.
 3. Confirm that all regulations and laws on the public treasury and branches thereof were observed and properly applied, and review any deficiencies or faults therein.
- b. In particular, the Bureau shall establish the following:
 1. The amounts that were disbursed for each budget item are fully consistent with the numbers listed in the relevant documents.
 2. All disbursement coupons were correctly issued and within the bounds of the relevant mandates, were issued by the competent authorities in accordance with the laws and regulations, and accompanied by the required documentation, receipts, and papers.
 3. All expenditures were deducted from the budget section and item allocated for this type of expenditure and the amounts were actually allocated to achieve the intended purpose.
 4. None of the allocations tied to any budget section or item were exceeded without authorization for such from the competent authorities.
 5. All amounts disbursed for new works or the development plan were used for the purposes to which they were allocated and were not used on a work not entered into the budget without the approval of the competent entities.
 6. The reasons that led to non-disbursement of all or a portion of the allocations made for development or new works are valid and any surplus in a certain allocation was not with the intent of dealing with an overage in an allocation made for another work, unless authorization for such was issued by the competent authorities to deal with an increase in the final costs of that work.
 7. Failure to link any government authority with any obligations that may result from exceeding the allocations made for any budget section, even if not actually disbursed, without prejudice to provisions of the law.
 8. Confirm observance of the provisions on non-approval of the budget, whether in the constitutional declaration or any law or decree from the Revolutionary Command Council.
 9. Confirm that the decrees on appointment, promotion, and the granting of bonuses and allowances of any kind were issued in accordance with the laws and regulations governing such items and within the limits of the budget and financial rules, and that the rules on grades of jobs that were granted personally or cancelled or changed upon first vacancy were observed.
 10. Confirm that retirement pensions and remunerations were determined or settled in accordance with the laws and regulations in effect.

Article (23)

1. Supply, contractor, engagement, and other contracts to which the government is a party and that involve financial rights or obligations each more than five hundred thousand dinars shall be subject to Bureau control. This value shall be determined by the total value of the articles or works under contract. In the event of a tender, the value shall be

calculated on the basis of the lowest price in the qualifying tenders submitted. In these cases, the contract may not be divisible with the intent of decreasing the contract value to the limit where it is not under Bureau control, and in addition, the concerned entity is planning another invitation to tender for articles or works of the same type within a period less than three months from the date of entering into the contract.

2. If contracting through tender or public auction, the competent ministries and authorities must send the Audit Bureau a copy of the letters they sent to the tender committee in this regard, accompanied by copies of the technical and economic studies related to the subject of the tender, as well as the engineering drawings, specifications, general conditions, estimates, and other documentation advanced on its practical basis or that the Bureau deems important to review. The Bureau shall examine and audit it and submit a report thereon to the entity seeking the contract with a copy thereof to the authority holding competence to approve the award, prior to issuance of its decision in this regard.
3. In cases where contracting by engagement is allowed, the ministries and authorities shall send the Audit Bureau copies of the letters where it is requesting permission to make the engagement, and attach a statement of the subject of and justifications for the engagement, accompanied by the documents and studies mentioned in the preceding paragraph (2). The Bureau shall submit its report and observations in this regard to the entity holding competence to approve the outcome of the engagement prior to issuance of its decision in this regard.
4. In cases where contracting through direct assignment is allowed, the ministries and authorities shall send the Bureau copies of the letters where it is requesting permission to contract in this manner, and attach a statement of the subject of and justifications for the contract, accompanied by the studies and documents mentioned in paragraph (2) of this Article. The Bureau shall submit its report and observations in this regard to the competent entity, prior to completion of the contracting procedures.
5. The tenders and engagement committees and the committees holding competence to enter into contract through direct assignment shall, at the appropriate time, provide the Audit Bureau with copies of reports on its works and decisions, and the decisions of technical and financial committees that arise therefrom, in order to make it possible for the Bureau to study them. It shall include any observations on the award process procedures that it has in the reports that it prepares pursuant to this Article.
6. The Bureau report referred to in the preceding paragraphs must state whether the allocations contained in the plan or entered into the budget allow for the engagement, contract, or disbursement, and any observations it may have on the subject under contract or conditions thereof. The implementing regulations of this Law shall state the procedures and measures that guarantee prompt control or confidentiality in the cases that require such.
7. In certain contracting procedures set out in this Article, the Revolutionary Command Council or the Cabinet may request that the authorities holding competence to issue the award decision in the case of tender, or to approve the contract in the event of engagement or direct assignment, to consult Audit Bureau reports on the processes referred to, prior to issuing its decision in this regard.
8. Prior to disbursal, the Bureau shall confirm the validity of the documentation related to the disbursal of any amount if such is the result of a contract with a value of over five hundred thousand dinars. This control prior to disbursal shall take place in accordance with the system established by the implementing regulations of this Law.

9. The Bureau shall also hold competence to verify upon disbursal the soundness of the procedures and validity of the disbursal documents related to contracts with a value of more than one hundred thousand dinars each and not more than five hundred thousand dinars. The employees charged with making these payments shall notify the Bureau of such and send copies of said contracts to it immediately after the disbursement. The implementing regulations shall state the control procedures in these cases.
10. The provisions of this Article shall also apply to the municipalities and public institutions and bodies subject to Bureau control.

Article (24)

In the course of exercising the competencies provided thereto under this Law, the Bureau shall examine the accounts and supporting documents thereof at the Bureau's headquarters or branches or at the entities being audited. The Bureau may perform a surprise inspection or examination at any time.

Other than the documents set out in the laws and regulations, the Bureau may examine any document, record, or paper it deems necessary to its audit and it may seize any of these documents, records, or other papers that it deems fit and may request that any person entrusted with or responsible for such documents, records, or papers submit a signed certificate establishing the validity of these documents, records, or papers.

Those entities subject to Bureau audit shall submit its accounts thereto upon request. The Bureau has the right to directly contact, correspond with, and request information they deem necessary from account managers, supervisors, heads, and any competent employee serving in their place at said entities.

Article (25)

The Bureau shall audit all petty cash, trust, and current account reconciliation accounts to establish whether the relevant transactions are correct and that the numbers recorded in the accounts are supported by complete and correct documentation.

It shall also audit accounts of advances and loans granted by the state or public entities or institutions and verify whether these advances and loans, both the principal and appendant fees, were paid to the public treasury in accordance with the terms under which they were granted.

Article (26)

Employees entrusted with the authority to authorize the disbursal of allocations made to each ministry, authority, or public institution or entity shall study the Bureau's observations and immediately answer any inquiries directed at them, and the Bureau shall inform the competent entity of any observations it deems fit resulting from the audit in order to undertake the necessary measures in this regard. If there is a disagreement between the Bureau and a ministry or public institution or entity, the dispute shall be submitted to the Cabinet for issuance of a decision thereon.

Article (27)

The Bureau may request the competent administrative entities to undertake the measures required to collect funds due to the state or to any public entity or institution where the measures required for their collection have not been taken or that were disbursed unlawfully or in violation of the laws and regulations.

Article (28)

The Bureau head shall notify the competent minister of any loss that may be incurred or burden on state financial resources that he might become aware of, unless such burden or loss might occur as a result of following a specific fiscal policy in its ministry or in one of its affiliated authorities.

The Bureau head shall notify the treasury minister of the cases in which he deems that any law or regulation related to fiscal or auditing aspects needs to be amended or whose implementation leads or might lead to losses at the country's financial authorities.

The Bureau head shall notify the Revolutionary Command Council and Parliament of any measure taken pursuant to this Article.

Article (29)

The Bureau head may propose, after consulting with the treasury minister, the draft regulations that he deems necessary to guarantee sound implementation of this Law, in particular the regulations required to set out the proper way of keeping accounts, holding money or state property, public and private, or inspecting and auditing the accounts he holds jurisdiction to audit. These regulations shall be issued by Cabinet decree.

The Bureau may examine regulations and decrees related to fiscal and auditing matters in effect at the ministries and their affiliated authorities and at public institutions and entities and other municipalities to document their efficacy and propose amendments to eliminate any deficiencies therein.

Such entities may not issue fiscal instructions or decisions without consulting the Treasury Ministry and the Audit Bureau.

Article (30)

1. The Ministries, authorities, municipalities, and public institutions and bodies shall notify the Bureau of fiscal violations occurring therein immediately upon their discovery, and must report such discovery along with the results of the investigation of such violations. The Bureau head may conduct another investigation or request that an administrative or disciplinary procedure be taken.
2. The Bureau shall notify such entities of any acts that constitute a fiscal violation, and these entities must investigate these acts and inform the Bureau of the results thereof.

Article (31)

The following shall be deemed to be a fiscal violation:

1. Violation of the fiscal provisions and rules set out in the constitutional declaration.
2. Violation of the budget rules or rules on its preparation or implementation.
3. Violation of the regulations on invitation to tender, public auctions, the treasury, procurements, or other accounting and financial regulations and laws.
4. Any wrongful act or negligence or neglect resulting in the unlawful disbursement of public funds or loss of a financial right of state or public entities or institutions or other entities subject to Bureau control.
5. Failure to provide the Bureau with copies of contracts, agreements, tenders, or any documents that must be provided thereto in implementation of this Law.
6. Failure, without an acceptable excuse, to provide the Bureau with the accounts or required supporting documentation requested by the Bureau.

7. Failure to respond to the Bureau's inquiries, observations, or correspondence in general or not responding to them within the appropriate time.
An employee providing an answer whose objective is to delay and stall shall be deemed to be a failure to respond.
8. Failure to undertake procedures with regard to the violations included in the Bureau's observations.
9. In general, any act or position that hinders the Bureau from exercising its competencies in financial control as provided under this Law.

Article (32)

The Bureau head may request that the competent authorities suspend any public employee from their job or undertake disciplinary measures against them in the cases set out in Article (31) of this Law and Article (46.11) of Civil Service Law No. 19 of 1964 or in accordance with the rules in place at the other entities subject to its control. If the competent authority does not respond to this request within ten days from the date it is received, the Bureau head may submit the matter to the Revolutionary Command Council or Parliament, depending upon the jurisdiction.

Article (33)

1. The Bureau head may decide to oblige any employee of the entities subject to its control or any person charged with a public service to pay any amount of public funds he believes was disbursed thereby or whose disbursement was ordered thereby unlawfully or in violation of the rules in place or to pay compensation for loss of funds or damage to its stocks or property or other damages incurred by the state, a public entity or institution, or any entity subject to Bureau control resulting from the violation and due to their wilful error or negligence. The Bureau head's decision shall state the amount of such compensation.
2. Anyone against whom such a decree is issued may file a grievance before a committee to be convened and presided over by a counsellor from the Supreme Court and having as members the head of the Fatwa and Legislation Department at the Ministry of Justice and a deputy of the Treasury Ministry. This committee may hear the statements of the party filing the grievance and conduct any investigations it deems fit. Submission of the grievance shall not result in suspension of the enforcement of the Bureau head's decision unless ordered by the committee.
3. The committee's decision on the grievance shall be issued by majority and shall be final, and may be appealed before the Supreme Court.

Chapter (3) Closing Provisions

Article (34)

The regulations required to implement this Law shall be issued under decrees from the Revolutionary Command Council, based on the submission of the prime minister.

Article (35)

This Law shall apply to the current head, deputy, members, and employees of the Audit Bureau, with the exception of the provisions contained in Article (6) hereof.

Article (36)

With the exception of Article (6) of this Law, non-Libyans who have obtained the credentials mentioned in said Article may be appointed within the three years following the effective date, and within this period when necessary. Libyans holding technical expertise in auditing and accounting or vocational credentials may be appointed.

Article (37)

The Audit Bureau Law issued on 10 Shaaban 1386 AH, corresponding to 22 November 1966 AD, shall be repealed and any other provision conflicting with the provisions of this Law shall be repealed.

Article (38)

The prime minister and the ministers shall, each within their purview, implement this Law. This Law shall come into force on the date of its issue and be published in the Official Gazette.

The Revolutionary Command Council – Libya

Major Abdessalam Ahmed Jalloud
Prime Minister

Issued on 7 Shaaban 1395 AH
Corresponding to 14 August 1975 AD