

**Law No. (19) of 2013  
on the reorganisation of the Audit Office**

**The General National Council:**

**Upon Review of:**

- The interim Constitutional Declaration issued on 3 August 2011 and the amendments thereof;
- General National Council Resolution No. (62) of 2013 on the adoption of the amendment of the internal regulations of the General National Council;
- The Penal Code, the Code on Criminal Procedure, and their supplementary legislation;
- Law of the Financial System of the State, and budget, accounts, and warehouse regulation;
- Law No. (11) of 1996 on the reorganisation of popular oversight and the amendments thereof;
- The Justice System Law and the amendments thereof;
- Law No. (2) of 2007 on the establishment and organisation of the Financial Audit Service;
- Law No. (3) of 2007 on the establishment and organisation of the Financial Audit Service;
- National Transitional Council Resolution No. (119) of 2011 on the creation of the Audit Office and the determination of its powers;
- Law No. (12) of 2010 on the issuance of the law on labour relations and its executive regulations;
- The outcome of the General National Council's 99<sup>th</sup> regular session held on 16/06/2013;

**issued the following law:**

**Chapter (1)**

**The Objectives and Powers of the Audit Office**

**Article (1)**

The Audit Office is an independent authority affiliated with the Legislature.

**Article (2)**

The Audit Office shall serve the following purposes:

1. Exert effective oversight on finance and verifying the convenience of manual and electronic internal control systems, the safety of financial transactions, accounting entries, and financial reports in accordance with the legislation in force;
2. Reveal deficiencies and shortcomings in the laws and regulations in force;
3. Reveal financial irregularities in the authorities subject to the control of the Audit Office;
4. Evaluate the performance of the authorities subject to the control of the Audit Office and ensure sure that they are employing resources economically, efficiently and effectively.

**Article (3)**

The Audit Office shall exercise oversight over the following entities:

1. The Cabinet, Ministries, all public bodies, departments, and institutions, and State offices and the like, as well as Libyan embassies, consulates, and diplomatic missions abroad, whether their laws stipulate a special financial audit system or not;

2. Companies, projects, or public bodies, departments, and institutions in which the State owns at least 25% of the capital, or those which the State has given the right to exploit a public facility or a natural resource, without prejudice to any special provisions stipulated in laws or agreements concluded with the State for the implementation thereof;
3. Entities that manage retirement and solidarity funds, entities or bodies supported by the government or any body subject to the oversight of the Audit Office;
4. Private bodies and associations for public interest supervised or supported by the State, whether directly or indirectly, and public trade unions and political parties;
5. Projects whose owners receive direct subsidies and loans from the State, if it is stipulated in the loan contract that they shall be subject to the oversight of the Audit office;
6. Any other entity that the Audit Office is required to examine or audit by a decision from the Legislature or upon the request of the government.

In any case, oversight by the Audit Office shall not prejudice the right of the parties mentioned in Paragraphs (2-3) of this article to have auditors appointed by the General Assembly according to the provisions of the Commercial Activity Law.

#### **Article (4)**

The Audit Office shall be composed of a Chairman, one or more Deputies, and a sufficient number of members and personnel. The Chairman and the Deputy shall be appointed for a period of three years, renewable once only.

#### **Article (5)**

The Chairman of the Audit Office shall be a person renowned for efficiency and integrity. The Legislature shall appoint him, relieve him of his duties, and accept his resignation, and he shall have the same salary and benefits as a Minister.

#### **Article (6)**

The Chairman shall represent the Audit Office before third parties and before the judiciary.

#### **Article (7)**

The Chairman's term shall expire upon:

1. Resignation;
2. Reaching the age of retirement;
3. Proven incapacity to perform job requirements due to ill health;
4. Assignment to another task or job, with his consent;
5. The issuance of a decision by the Legislature relieving him of his duties.

#### **Article (8)**

The Deputy Chairman shall be appointed by a decision from the Legislature, and he shall have the same salary and benefits as an undersecretary. No disciplinary penalties shall be issued against him and he shall not be transferred or relieved from his duties except by a decision from the Legislature based on the request of the Chairman. The executive regulations of this law shall determine the powers of the Deputy.

### **Article (9)**

The Chairman shall manage the affairs of the Audit Office, set its policies, follow up on their implementation, and issue regulations and instructions that enable the Office to perform its duties. He shall have the same powers as a Minister, as per the provisions of the laws and regulations on Office personnel, and he shall have the delegated authority of the Minister of Finance as regards using the credits allocated in the Office's budget. In the event that the Chairman is absent, the Deputy shall assume his functions.

### **Article (10)**

The Office shall directly exercise its powers in inspecting and auditing the accounts and the financial statements of the authorities that are subject to its oversight, in accordance with the accounting standards and rules in force.

### **Article (11)**

The Minister of Finance shall submit the government's final account to the Audit Office within a period of no more than six months after the end of the fiscal year. The Chairman of the Audit Office shall issue a yearly report on the State's final account for the previous year, in which he shall express his financial observations and discrepancies between said account and the various entities. He shall then submit copies of this report to the Legislature, to the Cabinet, and to the Minister of Finance within a period of no more than four months after receiving the final account.

### **Article (12)**

- a. When auditing the government's revenue, the Audit Office shall:
1. Supervise revenue collection and make sure that all the collected money is referred to the public treasury and added to the proper accounts;
  2. Ensure that all the provisions of financial laws and their executive regulations are applied, implement these provisions properly, and draw attention to potential deficiencies or shortcomings in them;
  3. Apply supervisory control to ensure the collection of public revenue and detect any failure or negligence in its collection;
  4. Examine the financial regulations in force to ensure their application and to make sure that they are adequate for the collection of taxes, fees, and all other public revenues, in accordance with the laws in force.
- b. The Audit Office shall ensure in particular that:
1. The records of revenue collection or alternative documents and registers have been audited by specialists and that the amounts of money shown in these documents have been added to the public revenues correctly;
  2. Statements of revenue and arrears submitted by public departments clearly show that the collected revenues, in addition to the arrears that have not yet been collected, constitute the government's total revenue under the laws and regulations in force, and that public departments have not neglected the collection of these revenues;
  3. No taxes, fees, or other due money have been exempted, except in the cases stipulated in laws and after approval by the legally competent authorities;
  4. Taxes, fees, and other public revenues have been collected in accordance with the law.

### **Article (13)**

- a. With regards to expenses, the Audit Office shall:
  1. Ensure that all credits have been disbursed for the specified purposes in accordance with the laws and regulations in force;
  2. Ensure that all payments are supported and authorised by valid documents and that the figures in the documents match those listed in the accounts;
  3. Apply supervisory controls preventing any fraud or irregularities during disbursement;
  4. Ensure that all regulations on public treasuries and their branches are applied properly and draw attention to potential deficiencies or shortcomings in them;
- b. The Audit Office shall ensure in particular that:
  1. The amounts of money disbursed for each budget item perfectly match the figures in the corresponding documents;
  2. All payment vouchers have been properly issued within their corresponding limits by competent authorities in accordance with the laws and regulations, and that they are accompanied by all the required papers, clearances, and documents;
  3. All expenses were deducted from the corresponding budget sections and items, and that the amounts of money were indeed allocated to fulfil their specific purpose;
  4. The allocated credits for every budget section or item were not exceeded except after having obtained the authorisation of the competent authorities;
  5. All amounts of money that were disbursed on the development plan were allocated to their specific purposes, and that no money was disbursed on an item not included in the budget without the authorisation of competent authorities;
  6. The reasons for not spending all or part of the money allocated for development are valid, and that savings in a certain credit did not serve to cover excess in credits destined for other purposes, unless the competent authorities authorise such actions to meet the increase in the final cost of said purposes;
  7. No governmental department has any obligation that might require it to exceed the credits allocated for any budget item, even if it did not actually spend this money;
  8. Make sure to apply special provisions stipulated in the Constitution or in any other law for failure to approve the budget;
  9. Ensure that decisions on appointment, promotion, and granting allowances and raises of any kind have been issued in accordance with relevant laws and regulations within the limits set by the budget and the financial rules, and also ensure the application of the special rules on job grades granted personally, or those which are repealed or amended upon the first vacancy occurrence;
  10. Ensure that pensions and base and retirement remuneration have been adopted or allocated in accordance with the laws and regulation in force.

### **Article (14)**

In order to exercise its powers stipulated in this law, the Audit Office shall audit accounts and supporting documents in its headquarters, in any of its branches, or at the entities that it is auditing. The Audit Office may exercise its powers of examination and spot inspection at any time.

In addition to the documents specified in laws and regulations, the Audit Office may examine any document, register, or paper it deems necessary, including confidential documents, and may confiscate any documents, registers, or papers or copy them. It may also ask the person

responsible for or entrusted with these documents, registers or papers to submit a signed certificate proving their authenticity.

The entities whose accounts are subject to the control of the Audit Office shall submit their accounts by the dates specified by the law. The Office shall have the right to directly contact account managers, supervisors, and presidents, or the employees who substitute for them in the aforementioned authorities, and to send letters to them, as well as to ask them to provide the data it deems necessary.

#### **Article (15)**

The Audit Office shall examine all settlement accounts, such as custodial, trust, and running accounts in order to verify the balances of their corresponding operations and to make sure that the figures recorded in these accounts are backed by valid, updated documents. It shall also audit imprest accounts and loans granted by the government or by public bodies or institutions and make sure that these accounts and loans have been paid back to the public treasuries in accordance with the conditions under which they were granted.

#### **Article (16)**

Employees granted the right to disburse the credits allocated for each Ministry or public department, body, or institution shall study the Audit Office's remarks and respond immediately to the Office's inquiries. The Office shall refer any remarks it makes after audit to the competent authorities to take the necessary measures.

#### **Article (17)**

The Audit Office may ask the competent administrative authorities to take the necessary measures to collect all amounts of money due to the government or to any public institution or body which have not yet been collected, and which have been disbursed unlawfully or in violation of the laws and regulations in force.

#### **Article (18)**

The Chairman of the Audit Office shall notify the Prime Minister or competent minister of any avoidable losses or unnecessary burdens on the State's financial resources that may come to his attention, if such burden or loss results from a certain financial policy of the ministry or by one of its departments.

The Audit Office shall also notify the Minister of Finance of any laws or regulations on financial or accounting matters that harm or might the country's interests or need to be amended.

The Cabinet shall be notified of any measures taken under this Article.

#### **Article (19)**

The Chairman of the Audit Office may decide to order any employee in the entities subject to its oversight or any person entrusted with a public service to pay any amount of money disbursed or ordered to be disbursed by said person from public funds unlawfully and in a manner contrary to the adopted rules. The Office may also require compensation for loss of public money, loss or damage of inventory or property, or any damages suffered by the State or by any public body, institution, or company due to neglect or intentional error, and the Chairman of the Office shall determine the amount of the compensation.

The person against whom such a decision is made may appeal said decision before the administrative judiciary in accordance with the law.

#### **Article (20)**

In the event that it is proven that certain behaviours have damaged public property, the Chairman of the Audit Office shall suspend the accounts of the entities that have suffered damage, and he may subject them to examination and audit until the damage is remedied and its causes are removed.

### **Chapter (2)**

#### **Examination and Evaluation of Performance**

#### **Article (21)**

The Audit Office shall examine and evaluate the performance of the authorities subject to its oversight to determine how efficient and effective they are in performing their tasks and to ensure that their programs and projects are being run scientifically and economically and that they achieve the goals set for them. It shall also ensure that these entities use their financial resources in the activities and tasks assigned to them with the highest degree of efficiency, effectiveness, and frugality.

#### **Article (22)**

The Audit Office shall ensure the implementation of financial laws, decisions, and regulations relating to the unit subject to oversight or audit and shall ensure that they fulfil the purposes for which they were issued and that they are adaptable to the changes that occur in the State's public administration. The Office shall also propose amendments to avoid shortcomings in these laws, decisions, and regulations, investigate the causes of deficiencies, inaction, and misapplication, and propose ways to correct and avoid them.

The Office shall also verify the stability and sustainability of adopted monetary and financial policies, promote the concept of good governance, ensure the application of the law, improve the efficiency of governmental bodies and the integrity of the administration, and optimise the utilisation of available economic resources.

#### **Article (23)**

The Office shall follow up on the stages of implementation of contracted projects in order to verify safety measures and proper execution. It shall also follow up periodically on implemented projects that have been received to verify proper operation, handle maintenance, and make sure that they serve the purposes for which they were created.

### **Chapter (3)**

#### **Auditing and Examining Contracts**

#### **Article (24)**

Subject to the Audit Office's prior oversight on contracting and spending are supply, contracting, and commitment contracts in which the government, its departments, and bodies and institutions subject to the oversight of the Audit Office are a party, and which entail

financial rights and obligations, each of which has a value exceeding (5,000,000) five million Libyan Dinars (LYD). This value shall be determined according to the total value of the items or works stipulated in the contract. In the event that a tender is held, it shall be calculated based on the eligible bids submitted. In such a case, it is prohibited to split the contract so as to reduce its value to the extent that it is no longer subject to oversight. If the body concerned holds a new tender on the same items or works within a period of no less than a year, such shall be deemed to constitute splitting the contract. The contract shall not be deemed valid unless it is ratified by the Audit Office.

#### **Article (25)**

Parties whose contracts are subject to prior oversight by the Audit Office must submit to the latter copies of necessary approvals for contracting and copies of letters asking permission to propose the project, with a statement attached detailing the object of the contract and all other necessary documents required by the legislation on contracting in force within a period of no more than one month after receiving them. They shall also submit all other documents, statements, and clarifications that the Office deems necessary for the examination and audit process, as well as to state its opinion on whether the provisions mentioned in the plan and budget allow contracting and spending and all other remarks on the subject and conditions of the contract.

If the Audit Office does not decide whether or not to approve of the of the object or if it does not notify the relevant authority before the deadline stipulated in the previous paragraph, said authority may sign the contract on its own responsibility, without prejudice to the Office's right to exercise its powers in a subsequent audit.

All parties whose contracts are subject to the Office's oversight must notify the Office of the dates of tender committee meetings well in advance. A member from the Office shall attend tender committee meetings as a supervisor, and he shall submit reports on the measures that were taken by those committees and express his opinion about them.

#### **Article (26)**

The Audit Office shall verify the authenticity of documents related to spending any amount of money arising from any contract directly after disbursement of the money, and employees entrusted with spending this money shall notify the Office and submit to it copies of all these documents directly after disbursing the money.

#### **Article (27)**

If examination and audit operations reveal matters that require investigation, the Chairman of the Office or his Deputy shall refer the relevant documents to the Administrative Oversight Authority.

### **Chapter (4)**

#### **Members and Personnel of the Audit Office**

#### **Article (28)**

The Chairman of the Audit Office, his Deputy, and all members and personnel shall be Libyan citizens who are highly qualified or have a university degree in law, economics, accounting,

engineering, or any other specialisation required by the nature of the work in the Audit Office as per the Chairman's instructions for other members. People who do not have the aforementioned qualifications may not be appointed as members. In addition to what is stipulated in this Article, candidates for a position in the Office shall have an experience of no less than three consecutive years in a field of work related to the Office's activities.

Employees in administrative positions, in the registrar, or in craftsman professions shall be excluded from the conditions mentioned above.

#### **Article (29)**

Audit Office members are professional personnel appointed as members by virtue of a decision issued by the Chairman. The executive regulations of this law shall specify membership prerequisites.

#### **Article (30)**

The Chairman of the Audit Office, his Deputy, and all other members and personnel are not allowed to hold any public positions or perform any other activities, whether commercial, industrial, financial, or related to services while serving as members in the Office. It is also prohibited for them to conclude any contract or commitment with the government or with public bodies and institutions, to be members on the board of directors of any company or supervisory and audit committee, to buy or rent, whether directly or indirectly, any governmental property to exploit, even through bids, or to sell or rent any property of theirs to the government.

#### **Article (31)**

Office members and personnel shall be appointed, receive promotions, be transferred from their jobs, delegated, seconded, their resignations shall be accepted, and they shall be relieved from their duties by virtue of a decision issued by the Chairman in accordance with the provisions of this Law and the regulations issued thereunder. The Office shall undertake to improve the efficiency of its personnel in line with its purposes and in a way that keeps pace with developments in supervisory work according to the restrictions set by the executive regulations of this Law.

#### **Article (32)**

The Chairman of the Office, his Deputy, and all other members shall have the status of judicial officers with regard to the implementation of the provisions of this Law. By virtue of a decision issued by the Chairman, this status may be granted to other personnel whose work requires so.

#### **Article (33)**

Disciplinary trial for Office members shall be conducted before a council composed of:

- A counsellor in the Supreme Court delegated by the Court's general assembly, as president;
- A counsellor in the Court of Appeal delegated by the Court's general assembly, as a member;
- An Office member of the grade of general director, appointed by the Chairman, as a member.

The executive regulations of this Law shall specify the procedures of the disciplinary trial.



#### **Article (34)**

Administrative investigation procedures shall be carried out against Office personnel by non-members. Disciplinary trials shall be conducted against them and they shall be penalised in accordance with the provisions of the Labour Relations Law.

#### **Article (35)**

The disciplinary penalties that may be inflicted on Office members are:

1. Reprimand;
2. Warning;
3. Salary deduction for a period of no more than one month a year;
4. Denial of annual bonuses for two years;
5. Denial of promotion for one year;
6. Withdrawal of membership;
7. Dismissal.

The Chairman of the Audit Office shall have the right to inflict the following penalties: reprimand, warning, or salary deduction for a period of no more than 15 days each time. These penalties may not be signed before hearing the statement of the member and allowing him to defend himself before a committee composed of three members, whose grade is no less than that of the member in question.

#### **Article (36)**

The activities of Office members and professional personnel shall be subject to internal inspection in accordance with the standards and rules of professional behaviour determined by virtue of a decision issued by the Chairman.

#### **Article (37)**

The Audit Office shall have a committee for the affairs of members and personnel. This committee shall be formed by virtue of a decision issued by the Chairman in accordance with the provisions of the Labour Relations Law and shall exercise all powers and competencies granted to it by relevant legislation in force.

#### **Article (38)**

In cases other than *flagrante delicto*, it is prohibited to arrest Office members, take any measures against them, or bring criminal cases against them without written authorisation from the Chairman. In cases of *flagrante delicto*, the Chairman must be notified within 24 hours of the arrest.

#### **Article (39)**

The salaries of Office personnel and all other benefits shall be determined by virtue of a decision issued by the Legislature based on the proposal of the Chairman.

#### **Article (40)**

Office personnel shall be entitled to healthcare and treatment allowances and they shall receive compensation for any damages or injuries they suffer while performing their duties that are not due to personal error. The executive regulations of this Law shall specify the necessary rules and regulations.

#### **Article (41)**

A fund shall be created for Office personnel in order to provide social and cultural care, as well as financial subsidies and assistance for them. A decision issued by the Chairman shall detail the fund's organisation and management and determine its resources and the rules for disbursing money from it.

#### **Article (42)**

With the exception of cases mentioned specifically in this Law, the provisions of the Labour Relations Law shall apply to the Chairman of the Office and all other members.

#### **Article (43)**

Before embarking on their duties, the Chairman of the Office and all other members shall swear the legal oath, pledging to perform their duties truthfully and faithfully. The executive regulations of this Law shall mention the exact words of the oath and shall determine the authority before which it shall be pronounced.

### **Chapter (5)**

#### **General and Transitional Provisions**

#### **Article (44)**

The Office shall prepare its draft annual budget and submit it to the Minister of Finance before 31 August of every fiscal year. The Minister of Finance shall include the draft as prepared by the Office in the State's draft general budget. If the Office's draft exceeds the total allocations of the previous fiscal year, the Minister of Finance has the right to ask for clarifications and justifications from the Office. In the event that the excess amount is not approved, the matter shall be presented to the Legislature for it to decide.

The Office's accounts shall be audited by a specialised committee formed by a decision by the Legislature. This decision shall also determine the audit regulations and standards.

#### **Article (45)**

The Audit Office shall receive financial compensation for account inspections and budget audits it carries out for the entities subject to its oversight that do not fund the general budget.

Ministries, bodies, institutions, and other public authorities which fund the government's general budget directly shall be exempted from responsibility for the above-mentioned fees with regard to the Office's audits and inspection of their yearly accounts. The executive regulations shall determine the standards for determining the fees for the Office's inspection and audit works.

#### **Article (46)**

According to the provisions of this Law, financial irregularities include the following:

1. Violating financial provisions and regulations and all instructions and directives related thereto;
2. Violating the provisions of contracts or purchase operations or other financial regulations;
3. All erroneous behaviours and negligence that entail disbursing public money unlawfully or the loss of any financial right of the State;

4. Not submitting required documents to the Audit Office;
5. Not responding to the Audit Office's inquiries and remarks or not responding to them on time;
6. Not taking necessary measures to correct irregularities mentioned in the Office's remarks;
7. Violating the rules or principles for preparation or implementation of the budget;
8. Splitting contracts so as to avoid oversight by the Office;
9. Concluding contracts subject to the Office's prior oversight before the Office audits them and gives its remarks on them;
10. Any behaviour or stance that may impede the work of the Audit Office.

#### **Article (47)**

The Office Chairman shall have the right to suspend any worker from his job in the entities subject to its oversight if such a measure is strongly justified and if there are serious reasons pertaining to the requirements of the public interest.

Suspension shall not last for more than three months unless the special disciplinary council issues a decision in this regard.

#### **Article (48)**

Entities subject to the Office's oversight shall refer copies of all their contracts and correspondence creating financial obligations for the State to the Office. They shall also notify the Office of any financial irregularities in their work as soon as they discover them, as well as of the results of investigation about these irregularities. The Office shall then take the necessary legal measures.

#### **Article (49)**

Authorities subject to the Office's oversight and audit shall submit their budgets and final accounts to the Office within a period of no more than four months after the end of each fiscal year.

#### **Article (50)**

After consulting with the Minister of Finance, the Chairman of the Office may propose the regulations that he deems necessary for proper implementation of the provisions of this law, particularly the regulations necessary to maintain accounts, to preserve government money or property, and to audit the accounts that the Office must audit, as well as the type and items of the supervisory controls that should be implemented. These regulations shall be issued by Cabinet decrees.

#### **Article (51)**

The Audit Office may inspect the financial regulations in force in Ministries, government departments, and public institutions and bodies to ascertain their adequacy and suggest amendments aiming at avoiding shortcomings in them.

#### **Article (52)**

The Audit Office may seek the assistance of experienced non-members in financial and technical matters by virtue of a decision by the Chairman. Financial reports prepared by the

Office shall have the same authority as those issued by the Judicial Expertise and Research Centre.

**Article (53)**

The Audit Office shall submit an annual report containing its activities, remarks, and recommendations to the legislature. It shall also submit to relevant bodies reports about the affairs and matters revealed by inspection and audit activities that it deems dangerous and necessary to examine promptly.

**Article (54)**

The executive regulations of the Law shall be issued by virtue of a decision by the Legislature based on the proposal of the Chairman.

**Article (55)**

The following laws and decisions shall be repealed:

- Law No. (2) of 2007 on the organisation of inspection and popular oversight;
- Law No. (3) of 2007 on the creation and organisation of the Financial Audit Unit;
- National Transitional Council Resolution No. (119) of 2011 on the creation of the Audit Office;
- Any provision contrary to this Law.

**Article (56)**

The provisions of this Law shall enter into effect from its date of issuance and it shall be published in the Official Gazette

**General National Council – Libya**

**Issued in Tripoli**

**On: 23 Ramadan 1434 AH**

**Corresponding to: 01/08/2013**