

**Law No. (3) of 1375 FDP
on establishing and organising the Financial Audit Authority**

The General People's Congress,

- In implementation of the resolutions of the Basic People's Congresses in their annual session of 1374 FDP;

Upon review of:

- The Declaration on the Establishment of the Authority of the People;
- The Great Green Charter of Human Rights in the Jamahiriyan Era;
- Law No. (20) of 1991 AD on the promotion of freedom;
- Law No. (1) of 1375 FDP on the rules of procedure of the People's Congresses and the People's Committees;
- The Law of the Financial System of the State and amending laws thereto;
- The Civil Service Law issued under Law No. (55) of 1976;
- Law No. (15) of 1981 on the regulation of salaries for national employees of the Socialist People's Libyan Arab Jamahiriya;
- Law No. (10) of 1423 FBP on cleansing;
- Law No. (15) of 1423 FBP approving certain provisions related to joint stock companies owned in full or in part by the state;
- Law No. (11) of 1425 FBP reorganising the People's Oversight, amended by Law No. (30) of 1369 FDP and Law No. (13) of 1371 FDP establishing the Financial and Technical Oversight Authority;

formulated the following Law:

Article (1)

In the application of this Law, the terms and expressions contained below shall have the meanings opposite each, unless indicated otherwise by the context.

Authority: The Financial Audit Authority.

Committee: The General People's Committee for the Authority.

Secretary: Secretary of the General People's Committee for the Authority.

Authority Member: A specialized technical employee granted membership under a decree from the secretary.

Bodies subject to audit by the Authority: All bodies subject to audit by the Authority pursuant to this Law.

Disciplinary Council: The disciplinary council that holds competence to try Authority members.

Authority personnel: Members and employees of the Authority.

Part (1)

Composition and Competencies of the Authority

Article (2)

Pursuant to this Law, an authority called the Financial Audit Authority shall be established. This Authority shall be a legal entity, have financial autonomy, and be affiliated to the General People's Congress.

Article (3)

The Authority provided for in the preceding Article shall be managed by a General People's Committee consisting of a secretary and an assistant secretary selected by the General People's Congress, and a number of members to be named under a decree from the Secretariat of the General People's Congress.

Article (4)

The goal of the Authority shall be to perform meaningful financial audits of all bodies subject thereto, in order to confirm the extent to which the goals set out for such bodies by the Basic People's Congresses have been met and the extent to which they have implemented the financial legislation in force. The Authority shall also work to uncover financial crimes and violations committed by workers in these bodies or otherwise if they sought to compromise or damage public funds, verify such violations, and refer them to the competent bodies.

Article (5)

Without prejudice to the Justice System Law, bodies funded by the state's general budget or owned by the state, in full or in part, shall be subject to audit by the Authority, in particular the following:

1. General People's Committees and all bodies funded from the general budget and the administrative units affiliated thereto.
2. Free-standing administrative units, public authorities and agencies and the like.
3. Public bodies and institutions.
4. People's bureaus and brotherhood bureaus abroad and the like.
5. Public companies.
6. Companies in which any of the bodies mentioned in the preceding items hold shares amounting to not less than 25% of the capital.
7. Businesses whose owners receive direct assistance or exemptions from the state or state loans if the loan agreement stipulates they are subject to Authority oversight.
8. Private public-interest associations, bodies, and institutions supported by the state or whose activities are funded in part by the state.
9. Foreign companies and branches thereof operating in the Great Jamahiriya to carry out contracts for bodies subject to Authority oversight, within the limits of the works performed thereby in the Great Jamahiriya for such bodies.
10. Any other body made subject thereto pursuant to a decision issued by the General People's Congress.

Article (6)

The Committee shall exercise the following competencies:

1. Propose the general policy regulating the Authority's work, and draft plans and programs related to its implementation.
2. Propose the Authority's annual draft budget and prepare its balance sheet.
3. Issue regulations for the Authority's work.

The implementing regulations of this Law shall set out the powers of the secretary.

Article (7)

The Authority shall exercise the competencies related to audits, and shall consist of administrative divisions to be defined and whose competencies shall be set out in a decree issued by the Committee.

Article (8)

The Authority shall hold competence to perform the following:

1. Examine and audit the state's balance sheet for each fiscal year and prepare a report on the results of the examination by a date not to exceed four months following receipt thereof from the General People's Committee for Finance. The General People's Committee for Finance shall submit the state's balance sheet to the Authority within a period not to exceed six months from the end of the fiscal year.
2. Examine and audit the general accounts and general budget and extra budgetary accounts of all bodies funded by the state's general budget, in particular the bodies set out in items (1), (2), (3), and (4) of Article (5) of this Law.
3. Examine and audit the balance sheet and final accounts of bodies owned, in full or in part, by the state, in particular the bodies set out in items (5) and (6) of Article (5) of this Law.
4. Inspect and monitor the financial activities, periodically or unexpectedly, of the bodies subject to audit by the Authority, in accordance with this Law.

Article (9)

In the course of performing its competencies as set out in this Law, the Authority shall examine and review the accounts and supporting documentation and assess the performance efficiency of the bodies subject to audit thereby in accordance with technical and accounting rules and recognized auditing standards and within the scope of the rules regulating the activities of each, in accordance with the provisions and rules regulating the implementing regulations of this Law. The Authority may exercise this competence at the Authority's headquarters or branches, or at the headquarters of such bodies, which must submit their accounts thereto upon request. The Authority shall also have the right to communicate directly with these bodies and request information it deems necessary to perform its role.

Article (10)

The Authority may, at any time, conduct surprise examinations or inspections of general treasuries, accounts, and stores, and may examine documents, records, or any paper it deems necessary for the audit, including those that are confidential. It may retain the documents, records, or other papers it deems necessary or obtain copies thereof, and request that the person entrusted therewith or responsible therefor submit a signed certificate certifying their

veracity. It may summon anyone it believes necessary to hear their statements. The implementing regulations of this Law shall set out the provisions and rules to be followed in this regard.

Article (11)

The Authority may request that the competent bodies undertake the necessary measures to collect funds due to the state or to any of the bodies subject to audit thereby that did not undertake the measures necessary to collect such funds or that were disbursed unlawfully or in violation of legislation in force.

Article (12)

The Authority shall notify officials at the bodies subject to audit thereby of any losses that might be avoided or be unnecessary burden to the state's financial resources that it might learn of, if that burden or that loss is a result of those bodies following a specific financial policy. It shall also notify the secretary of the General People's Committee for Finance of any cases it finds where a law or regulation related to financial or accounting aspects needs to be amended or where the application thereof might harm the public interest.

Article (13)

The Authority may decide to oblige any employee at the bodies subject to audit thereby or any person charged with a public service to pay any amount of public funds it believes was disbursed or whose disbursement was ordered thereby unlawfully or in violation of the rules provided, or to pay compensation for any loss of public funds ensuing from the violations, or loss or damage to stores or property or other damages sustained by the state or one of the bodies subject to audit by the Authority due to their negligence or intentional act. The decree shall state the amount of compensation. The party against whom said decision was issued may appeal before the administrative courts.

Article (14)

If it establishes that there are actions that caused damage to public funds, the Committee shall suspend all disbursements from the bank accounts of the body that caused the damage, and it may suspend any person from work for a period not to exceed two weeks, which may be renewed one time, if they fail to submit the requested documentation and papers needed for the financial audit. If it is established that there are financial or administrative violations, the Committee shall transfer the papers to the General People's Committee for the People's Oversight and Inspection Authority for investigation. The implementing regulations of this Law shall set out the conditions required to enforce this Article.

Article (15)

1. The Authority may seek the assistance of auditing firms that are not Authority members to audit and examine the budgets of public companies, institutions, and bodies owned, in full or in part, by the state. Such auditors shall be assigned pursuant to a decree from the Committee, which shall also specify the remuneration provided thereto for their work.
2. Without prejudice to the responsibility of auditors before the bodies referred to in the preceding paragraph, such auditors shall be responsible before the Authority for their examination and audit of these bodies, and shall be deemed to be tasked with a public service, in the application of Article (10) of this Law.

3. The Authority may communicate with the Authority's auditors referred to in item (1) of this Article, and give them directives related to the manner of examination and audit, and they must provide the Authority with the reports they prepare on the tasks they are assigned to perform. The Authority shall review these reports and update any shortcomings or vagaries or assign said [auditors] to do so.
When auditing these bodies, the Authority may deem the reports submitted by these auditors sufficient after their update or perform any special audits it deems necessary in this regard. In doing so it may also obtain all clarifications and information required from said auditors and the bodies themselves, and may review the books, documentation, and the like required for the examination and audit.
4. The audits set out in item (1) of this Article shall be in accordance with recognized accounting standards and within the scope of the provisions regulating the activities of such bodies.
5. People's Committees and committees, administration, and officials at the bodies set out in item (1) of this Article shall submit the observations contained in the reports submitted thereto from the Authority to the general assemblies or other bodies, councils, and committees holding competence to approve the budget and balance sheet of such bodies. The Authority may attend the meetings held to discuss and approve the budget and balance sheet.
6. The Authority shall have the right of membership on the oversight committees of the companies mentioned in item (6) of Article (5) of this Law.

Article (16)

When auditing state revenue, the Authority may undertake the following:

1. Confirm the revenue has been collected and that all amounts collected were provided to the General People's Committee for Finance and entered into the accounts allocated thereto.
2. Verify that all financial laws and implementing regulations thereof were observed and applied correctly and direct attention to any apparent shortcomings or flaws therein.
3. Check the financial laws and regulations in force and their capacity and power to guarantee the collection of taxes, fees, and all other general revenue in accordance with the laws in force.

In particular, the Authority shall establish the following:

1. That revenue provision slips, the documents representing them, and records were reviewed by the competent employees and that the amounts stated therein were correctly added to the public revenue.
2. That revenue and arrears statements submitted by public bodies clearly indicate that the revenue collected plus the arrears amounts not yet collected is all of the revenue due to the state pursuant to the laws and regulations in force, and that the public bodies were not negligent or late in collecting such arrears.
3. No exemptions from tax, duties, or the payment of any other monies due occurred, other than in those cases provided under the laws and with the approval of the competent entities pursuant to these laws.

Taxes, fees, and all other public revenue was collected in accordance with the law.

Article (17)

When auditing expenses, the Authority shall be concerned with the following:

1. Establish that all allocations were disbursed for the designated purposes and this disbursement was made in accordance with the legislation in force.
2. Verify that all payments are supported and their disbursement backed up by correct documentation and verify that the documents and coupons conform to 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 note any shortcomings or faults that it might find.

In particular, the Authority 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 expenditures were deducted from the budget section and item allocated for this type of expenditure and the amounts were in fact allocated to the intended purpose.
3. None of the allocations tied to any budget section or item were exceeded without authorization for such from the competent bodies.
4. All amounts disbursed for new works or the transformation plan were disbursed in the way such amounts were allocated, and that they were not disbursed for any work not entered into the budget without the approval of the competent bodies.
5. The reasons that led to non-disbursement of all or a portion of the allocations made for new works or transformation are valid and the surplus in a certain allocation was not made with the intention of dealing with an overage in an allocation made for another work, unless authorization for such was issued by the competent bodies, to address an increase in the final costs of that work.
6. Failure to link any public body with any obligations that might ensue from exceeding the allocations made for any budget section, that were not actually disbursed.
7. Confirm that retirement pensions and remunerations were determined or settled in accordance with the laws and regulations in effect.

Part (2) **Authority Members and Employees**

Article (18)

Authority members, employees, and administrative staff must be Libyans with higher or university credentials in law, accounting, economy, engineering, or any other speciality required by the nature of work at the Authority.

The Committee may make exceptions to the aforementioned credentials condition to fill support or manual technical, administrative, and clerical positions.

Article (19)

In addition to the provision set out in the preceding Article, anyone nominated for Authority membership must have spent not less than five years of service at the Authority after obtaining the credential, be of good repute and conduct, and not have previously been convicted of a felony or a crime of moral turpitude, unless rehabilitated. Membership shall be granted pursuant to a decree issued by the secretary.

Article (20)

Appointment, promotion, transfer, delegation, and secondment of Authority members and technical and administrative employees, and the acceptance of their resignations and termination of their service shall be pursuant to a decree issued by the Committee, in accordance with the provisions set out in this Law and the regulations issued pursuant thereto.

Article (21)

The secretary and members of the People's Committee and the technical members of the Authority shall have the capacity of a judicial police officer with regard to the implementation of this Law. This capacity may also be granted to technical employees whose nature of work requires such, pursuant to a Committee decree.

Article (22)

Authority members shall swear the following oath, prior to starting their positions:
"I swear by God Almighty to adhere to the principles and goals of the Great 1 September Revolution, to faithfully maintain the authority of the people, protect the nation's interests, respect the law, and perform my job with care, honesty, and precision."
The oath shall be sworn before the Committee.

Article (23)

A personnel affairs committee shall be formed at the Authority pursuant to a Committee decree to exercise all the powers and competencies entrusted thereto in accordance with the implementing regulations of this Law and the regulations on the affairs of Authority members and employees.

Article (24)

The activities of Authority members and technical employees shall be subject to technical inspection, as set out in the implementing regulations of this Law.

Article (25)

Authority members and employees may not engage in any work other than their position at the Authority, even outside of official working hours, except with permission from the Committee.

Article (26)

Except in cases of *in flagrante delicto*, Authority members may not be arrested or subject to any investigation procedures, except with written permission from the Committee.

In cases of *in flagrante delicto*, the secretary must be notified within twenty-four hours following the arrest.

Article (27)

The Committee shall undertake preparation of staffing for its members and employees setting out position titles and grades on the basis of No. (1) annexed to the aforementioned

Law No. (15) of 1981 AD. The implementing regulations of this Law shall set out the benefits provided to Authority personnel.

Article (28)

Authority personnel shall be entitled to a bonus, the amount of which along with the disbursement conditions and eligibility requirements shall be set out in a decree issued by the Secretariat of the General People's Congress based on a submission from the Committee.

Article (29)

Authority personnel shall have the right to health and social care and treatment expenses and shall be compensated for any injuries or illnesses they suffer while at work or due thereto that are not due to their personal error. The implementing regulations of this Law shall set out the necessary rules and conditions, including compensation amounts.

A fund called the "Personnel Fund" shall be established at the Authority with the aim of providing social and health care, and providing assistance and remuneration to Authority personnel.

A decree from the Committee shall be issued organising the fund, the management thereof, and specifying its resources and disbursement rules.

Article (30)

Upon reaching sixty-two years of age, the service of any Authority personnel shall end. When necessary, the service of any Authority personnel may be extended for one year (renewable) provided the period not exceed three years. Extensions shall be made based on a decision issued by the Committee.

Any Authority personnel may be transferred to retirement at their request, if they have completed at least twenty years of service.

Article (31)

At the end of their service, Authority personnel shall be granted the salaries due for their accumulated annual leaves, not to exceed one year's salary. The implementing regulations of this Law shall set out the conditions necessary to implement this Article.

Article (32)

The disciplinary penalties that may be imposed on Authority members are:

1. Warning.
2. Censure.
3. Deduction of salary for a period not to exceed one month per year.
4. Withholding of annual bonus.
5. Withholding of promotion for a period of one year.
6. Dismissal from the position.

The secretary may impose the penalty of warning or deduction of salary not to exceed fifteen days at one time. The penalty of deduction shall not be imposed until the member's statements are heard and their defence investigated by a committee of three members holding a rank not lower than the member referred to investigation, to be formed under a decree from the Authority secretary.

The disciplinary council shall hold competence to impose the remaining penalties set out in this Article on Authority members.

Article (33)

Authority members are not subject to dismissal unless a member loses the confidence and esteem required for the office and a ruling is issued by the disciplinary council with regard thereto.

Article (34)

Disciplinary trials of Authority members shall be before a council consisting of:

- A counsellor on the Supreme Court, assigned by the court's general assembly, Chairman
- A counsellor on the Court of Appeal, assigned by the court's general assembly, Member
- A member of the Authority holding a grade not lower than that of the member referred to trial, named by the secretary, Member

The implementing regulations of this Law shall set out the disciplinary trial procedures.

Article (35)

Investigation, disciplinary trial, and penalisation of Authority employees shall take place in accordance with the provisions set out in the Civil Service Law.

Part (3) Budget and Accounts

Article (36)

The Authority shall have an independent discretionary annual budget prepared at least three months prior to the beginning of the state's fiscal year. The Authority's financial year shall commence at the beginning of the state's fiscal year and end at the end thereof.

Article (37)

The resources allocated to the Authority's budget shall consist of:

1. Financial allocations made to the Authority from the State budget.
2. Revenues collected for the examination, audit, and financial and technical consulting activities it performs for the bodies subject to audit thereby.

Article (38)

The Authority's accounts, disbursement methods, revenues, and other financial matters shall be regulated in accordance with the regulations and rules specified in the implementing regulations of this Law.

Article (39)

The Committee shall undertake implementation of the Authority's approved budget, and shall have the power to make transfers from one section to another within the Authority's budget.

Article (40)

The Authority shall be audited and its balance sheet approved as set out in the implementing regulations of this Law.

Article (41)

The Authority shall collect fees for the account examinations, budget reviews, contract examinations, financial consulting, and preparation of financial and accounting regulations to the bodies set out in Article (5) of this Law that it performs. A decision shall be issued by the Committee setting the fees, which shall be approved by the Secretariat of the General People's Congress. Public bodies funded directly from the state's general budget shall be exempt from paying any of the mentioned fees.

Part (4)

General and Transitional Provisions

Article (42)

All bodies subject to this Law shall refer to the Authority the results of the financial assessment of the companies and businesses with their ownership in accordance with the decisions issued by the General People's Committee in this regard, in order to study and provide an opinion thereon.

Article (43)

After consulting with the competent bodies, the committee may propose the draft regulations it deems necessary to ensure proper implementation of this Law and other legislation in force, in particular draft regulations, to set out the proper way to keep accounts or hold money or state public property or examine and audit the accounts that the Authority holds competence to audit.

Article (44)

The bodies set out in Article (5) of this Law shall send the Authority copies of the minutes of its meetings and resolutions entailing financial obligations.

The bodies subject to this Law shall forward to the Authority copies of its correspondence that entail financial obligations.

Article (45)

The bodies set out in items (3) and (4) of Article (5) of this Law shall submit their final accounts and budgets to the Authority within a period not to exceed four months from the end of the financial year.

Article (46)

The Authority may seek the assistance of persons with expertise in financial matters from among Authority personnel, or from persons outside the Authority based on a decree issued by the secretary. Financial reports prepared by the Authority shall have the force of reports issued by the Judicial Expertise and Research Centre.

Article (47)

The Authority may seek the assistance of members of the police or local public security in performing the tasks required to enforce this Law.

Article (48)

In the application of this Law, financial violations shall be considered to be:

1. Any erroneous action, negligence, or failure entailing the wrongful disbursement of public funds.
2. Violation of accounting and financial rules, provisions, and regulations related to the preparation or implementation of budgets or rules on the preparation thereof.
3. Any action that impairs the Authority from performing its competencies related to audits.
4. Violation of the regulations on the treasury, procurements, or other accounting and financial regulations and laws.
5. Failure to undertake the necessary procedures on the violations included in the Authority's observations.
6. Failure to provide the Authority with any documentation that must be submitted in implementation of this Law.
7. Failure to respond to the Authority's inquiries, observations, or delay in responding to them at the appropriate time.
8. Failure to provide the Authority with the accounts or required supporting documentation requested thereby, without an acceptable excuse.

Article (49)

The Authority shall submit a full annual report on its activities, observations, and recommendations to the Basic People's Congresses. When necessary, it may also submit to the concerned bodies reports on issues and matters uncovered its examinations and audits that it deems significant and requiring prompt review.

Article (50)

The implementing regulations of this Law shall be issued by a decree from the Secretariat of the General People's Congress, based on a submission from the General People's Committee for the Financial Audit Authority.

Article (51)

Any provision that conflicts with those of this Law shall be repealed.

Article (52)

This Law shall come into force on the date of its issue, and shall be published in the Legal Register.

The General People's Congress – Libya

Issued in Sirte

3 Muharram

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