

Generic Model II – Board

The Supreme Audit Board Act

An Act to provide for the establishment of the Supreme Audit Board; the appointment of the Board President and Other Board Members; the functions, responsibilities, and powers of the Board and Board Members; and for related purposes.

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Part I – Preliminary and Core Provisions

1. Act Short Title

The Act may be cited as the Audit Act.

2. Establishment of the Audit Board

An office called the Supreme Audit Board is established by this Act.

3. Organizational Location

The Supreme Audit Board is organizationally located as an office within the legislative branch of the State.

4. Status and General Independence

The Audit Board exercises the highest public auditing function of the State and is subject only to the Laws of the State and actions by the Legislature acting in full session and in the same manner required to enact legislation. The Audit Board, Board President and Board Members are not subject to the control or direction of any person, organization, or authority except the Legislature as stated.

5. Requirement to Act Independently

All persons working for or on behalf of the Supreme Audit Board are to be independent and objective, in fact and appearance, in performing audit work.

6. Requirement to Report and Seek Prosecution of Corrupt and Criminal Activities

The Audit Board is required to immediately report findings of apparent corruption and criminal activity to the Legislature and seek the prosecution of such alleged illegal behavior under the Laws of the State.

7. Act Commencement and Replacement

A. The Act commences on the day of enactment and:

- 1). Any act previously establishing a State audit office is hereby repealed and that audit office abolished. (See Part IX, Transition Provisions);

- 2). The provisions of any other act placing audit or other functional requirements on the Audit Board or contradictory to the provisions of this act are abolished; and
- 3). No other act shall be enacted which places audit or other functional requirements on the Audit Board or establishes provisions contradictory to the provisions of this act.

8. Act Provisions Extend to Matters Outside the State

The Act extends to related acts, omissions, matters and things outside the State unless specifically stated to the contrary by the provisions of this Act or the provisions of the constitution.

9. Audit Board Authority Limited

The Audit Board has no implied functions, powers, rights, immunities or obligations arising from it being an office of the legislative branch of the State.

Part II –Definitions

10. For the purpose of this Act:

- A. **Audit Board** means the Supreme Audit Board established by this Act.
- B. **Board Member(s)** means the individuals appointed by the Legislature and given the primary authority and responsibility under this Act for carrying out the requirements of the Audit Board set out in this Act.
- C. **Code of Ethics** means a comprehensive statement of the values and principles, which guide the daily work of all individuals working for or on behalf of the Audit Board to help insure they meet the high ethical demands placed on them by being a public sector auditor.
- D. **Executive** means the head and any other entity of the branch of the State that is responsible for administering the law except for Laws of the State related to or under the jurisdiction of the legislative or judicial branches of the State or the Audit Board.

- E. **IFAC** means the International Federation of Accountants, which is an organization of national professional accountancy organizations that represent accountants employed in public practice, business and industry, the public sector, and education, as well as some specialized groups that interface frequently with the profession. IFAC aims to develop the profession and harmonize its standards worldwide to enable accountants to provide services of consistently high quality in the public interest.
- F. **Independence** means the freedom of the Audit Board to act in accordance with the laws governing it without external direction or interference of any kind.
- G. **INTOSAI** means the International Organization of Supreme Audit Institutions, which is an international autonomous, independent and non-political organization established as a permanent institution in order to foster the exchange of ideas and experience among Supreme Audit Institutions on government auditing through seminars, conferences, training, issuance of standards, guidelines, and other activities that promote the aims of INTOSAI. A Supreme Audit Institution is the public body of a State that, however designated, constituted or organized, exercises by virtue of law the highest public auditing function of that State.
- H. **Judicial** means the branch of the State that administers civil and criminal law.
- I. **Legislature** means the branch of the State that is the law making authority of the State.
- J. **Laws of the State** means the constitution, acts and other instruments made under the constitution or acts.

Part III – The Audit Board

11. Establishment And Administration

- A. The Audit Board consists of the Board Members, a Board President who is one of the Board Members, and staff to assist the Board Members and Board President in performing the requirements set forth in this Act.
- B. The Audit Board shall have at least five Board Members and any changes to that number are to be approved by the Legislature in accordance with the provisions in Part III, Paragraph 13.

- C. The headquarters of the Audit Board is to be located in the Capital of the State.
- D. The Board Members are authorized to direct and make final resolutions and decisions on all audit, accounting, technical, financial, administrative, and staffing activities related to carrying out the provisions set forth in this Act.
- E. Board Members shall pass resolutions and decisions of the Audit Board with majority rule.
 - 1). At least two-thirds of the Board Members shall be present and voting when resolutions and decisions are passed.
 - 2). If the number of votes for and against a resolution or decision is equal, the Board President's vote will be the deciding vote.
 - 3). A Board Member who has a personal interest in a resolution or decision before the Board Members cannot participate in the voting but may provide evidence related to the resolution or decision.
 - 4). The Board Members shall establish and publish in the official State journal the policies, procedures and rules on how Board Member meetings will be scheduled and conducted and issues resolved and communicated.
 - a) Such procedure and rules can allow for individuals other than Board Members to be present at Board Member meetings and shall include specific provisions on when a Board Member cannot participate in the voting on Audit Board resolutions and decisions.
- F. The Board President or his designee shall chair Board Member meetings and direct the day-to-day administrative operations and be the official representative of the Audit Board with the specific authority and actions of the Board President to be set out in procedures and guidelines established by the Board Members and published in the official State journal.
 - 1). If the position of Board President becomes vacant or the Board President is suspended, incapacitated or unable to serve for any reason, the Board Member with the longest tenure will act as the Board President until the vacancy is filled or the President is available to serve.
 - 2). If more than one Board Member has the same longest tenure, then the oldest of those members will act as Board President until the vacancy is filled or the President is available to serve.

- G. The Board Members are accountable for the Audit Board complying with all Laws of the State; operating in accordance with generally accepted accounting, auditing and business practices; and operating in an honest, objective, fair, efficient, effective and economic manner to the extent that such matters are under their control.
- H. The Board Members can delegate the exercise of any of their powers to individuals of the Audit Board, but such delegation does not remove the Board Members' responsibility and accountability for acts by those individuals delegated such powers.
- I. The acts of those individuals who have been delegated powers shall have the same force, effect, responsibility and accountability as if they had been acts of the Board Members.

12. Independence and Integrity

- A. To help ensure the integrity of the Audit Board, the Board Members will adopt the Code of Ethics adopted by INTOSAI with revisions necessary to account for national differences of culture, language, legal and social systems.
 - 1). A proposed version of the Code of Ethics will be published in an appropriate manner to make the proposal known to the public and provided to each member of the Audit Board.
 - a) Sufficient time will be allowed for anyone who wishes to do so to comment on the proposal.
 - b) Any comments received will be taken into consideration in establishing a final version.
 - 2). Any revisions to the INTOSAI Code of Ethics will not weaken the intent, objectives and effectiveness of the INTOSAI Code of Ethics, but may demand a higher degree of integrity.
 - 3). The Code of Ethics will apply to the Board Members and all individuals working for or on behalf of the Audit Board who are involved in audit work.
 - 4). The Board Members shall develop and establish effective guidelines for ensuring compliance with and immediate action against persons violating the Code of Ethics.

- 5). The final Code of Ethics and all established guidelines related to it will be published in the official State journal and provided to each member of the Audit Board.
 - 6). The Board Members shall advise the Legislature of any alleged violations of the Code of Ethics by any Board Member and such allegations shall be addressed and resolved by the Legislature.
- B. The Board Members and all individuals working for or on behalf of the Audit Board may not be prosecuted or punished as a result of regular action in the discharge of their duties.
- 1). Anyone attempting or taking such action against an individual of the Audit Board will be considered as interfering with the independence of the Audit Board and subject to Paragraph 12, Section C. above.
- C. To help ensure the independence of the Audit Board, any person or authority interfering or attempting to interfere with the independence of the activities of the Audit Board, its leadership, staff, or any person working on behalf of the Audit Board shall be guilty of a felony under the Laws of the State.
- 1). The Board Members shall immediately advise the Legislature of the interference and take immediate steps to prosecute the person or persons doing the interfering by following prosecution procedures set out by the Laws of the State for prosecuting felony violations.
 - 2). The State entity that normally prosecutes felony violations will take steps to prosecute the interference violation without delay and treat the Audit Board as its client in all respects.
 - 3). Anyone convicted of interference under this provision shall be imprisoned for a minimum of one year and a maximum of five years, depending on the seriousness of such interference.

13. Budget

- A. The budget of the Audit Board will be approved by the Legislature and included as part of the State budget based on a proposal submitted to the Legislature by the Board Members at the same time and in the same format as the Executive submits its budget.

- 1). Any planned major changes to the general organizational framework and number of Board Members of the Audit Board will be justified in the proposal.
 - 2). Unless stated to the contrary, proposed changes will be considered approved based on Audit Board budget approval.
- B. The Executive shall facilitate the Audit Board in drawing funds and taking actions approved by the Legislature.

Part IV – The Board Members and Audit Board Staff

14. Board Members and Board President

- A. The Board Members will be appointed by the Legislature for a period of 12 years from a list submitted by the Executive.
- 1). The list will be composed of not more than 5 people for each Board Member vacancy to be filled and the Executive will certify that each person on the list meets the qualification requirements in Paragraph 14, Section B. below.
 - 2). The Legislature can request a list of additional people if it finds any lists submitted by the Executive not containing enough acceptable persons to fill any or all of the vacancies.
- B. Any person appointed as a Board Member:
- 1). Must be a citizen of the State.
 - 2). Must be at least 35 years old.
 - 3). Can only be appointed for one term.
 - 4). Must retire at age 70.
 - 5). Must not have been convicted of a crime.
 - 6). Must hold an academic degree awarded by a recognized institution of higher education related to the fields of accounting, finance, law, economics or other fields that are generally viewed as appropriate

education for the position of Board Member and have at least ten years of experience in such fields.

- 7). Must not be a relative, through consanguinity or affinity inclusive to the fourth stage in any direction, to a person serving as a member of the Legislature, a Board Member or in a high ranking position in any government in the State.
 - 8). Must not hold a political position or be involved in politics, except to vote; have any direct or indirect official role or financial interest in any public, private or professional entity or activity that the Board Member could profit from or influence through the powers of or position with the Audit Board.
 - 9). In exception to Paragraph 14, Section B., 8). above, a Board Member may act as an officer of, collaborate with or participate in the activities of professional organizations whose aim is to improve the operations of audit offices and whose activities cannot be perceived in conflict with the roles and operations of the Audit Board.
- C. The Board President will be appointed by the Legislature from among the Board Members for one term of 4 years based on the recommendation of the majority of Board Members.
- 1). The Legislature can request another recommendation if it finds any person recommended by the Board Members as unacceptable.
 - 2). Time served as Board President shall count towards the maximum tenure of 12 years for a Board Member.
- D. The Board Members may resign at anytime they wish.
- E. The Board Members can only be removed or suspended from their posts by the Legislature for failure or inability to carry out the provisions of the Act because of negligence, incompetence or disability, except that Board Members will automatically be:
- 1). Suspended from their post until cleared of an alleged commission of fraud or a crime, and
 - 2). Removed from their post upon conviction.
- F. If the prosecution of an alleged crime under Section E above is not completed within 1 year:

- 1). The Legislature will decide whether to reinstate the Board Member until a final decision is made on the alleged crime, and
 - 4). Any person found to have unnecessarily delayed the prosecution of and decision on the alleged crime will be considered as interfering with the independence of the Audit Board and subject to Paragraph 12, Section C. above.
- G. The pay and other benefits for the Board President and other Board Members will be the same as those for the head and deputy head respectively of a first line Executive entity or officers of the Legislature, whichever is greater, except that:
- 1). The annual retirement pay for any Board President or Board Member serving the maximum term of office allowed for those positions will be the same as if they were continuing to actively serve in those positions.
- H. The Legislature and others involved in filling vacancies in the positions of Board President and Board Members under the provisions of this Act will take actions to fill such vacancies as soon as practicable.

15. Audit Board Staff

- A. In administering activities related to the staff of the Audit Board, the Board Members have the authority to recruit all staff and appoint, promote and dismiss staff so long as such staffing activities meet the provisions of this Act and are within the limits of funds and the general organizational framework approved by the budget for the Audit Board.
- B. The Board Members may engage or otherwise obtain any persons, including professional services and consultants, in the performance of any Audit Board function.
- C. The Board Members has the option of:
- 1). Carrying out staffing activities in accordance with laws, policies, procedures and guidelines of the State for other civil servants, or
 - 2). Establishing a system specifically designed for carrying out the staffing activities of the Audit Board.

- D. Any staffing system adopted by the Board Members, other than the one used for other State civil servants, shall be:
- 1). Approved by the Legislature, and
 - 2). Administered through established policies, procedures and guidelines that will ensure:
 - a) The fair and equal treatment of individuals employed by or applying for a position with the Audit Board,
 - b) That staff appointment and advancement decisions are based on qualification and merit of all individuals eligible for consideration, and
 - c) That individuals affected by staffing decisions are allowed to appeal the decisions and receive a fair hearing and decision by the Audit Board or a special committee established by Board Members for considering and resolving the appeals.
 - 3). The proposed version of the policies, procedures and guidelines will be published in an appropriate manner to make the proposal known to the public and provided to each member of the Audit Board.
 - a) Sufficient time will be allowed for anyone who wishes to do so to comment on the proposal.
 - b) Any comments received will be taken into consideration in establishing a final version.
 - 4). The final version of the policies, procedures and guidelines will be published in the official State journal and a copy provided to all staff of the Audit Board.
- E. The Board Members have the option of:
- 1). Using the same pay, pension and other benefit provisions for staff of the Audit Board as that used for other State civil servants, or
 - 2). Establishing such provisions specifically designed for the staff of the Audit Board.
- F. Any pay, pension and other benefit provisions adopted by the Board Members, other than the one used for other State civil servants, shall be approved by the Legislature and administered through established policies, procedures and guidelines.

- 1). The proposed version of the policies, procedures and guidelines will be published in an appropriate manner to make the proposal known to the public and provided to each member of the Audit Board.
 - a) Sufficient time will be allowed for anyone who wishes to do so to comment on the proposal.
 - b) Any comments received will be taken into consideration in establishing a final version.
- 2). The final version of the policies, procedures and guidelines will be published in the official State journal and provided to each member of the Audit Board.

G. In any case,

- 1). No person found to be dishonest or not have integrity as provided by the Code of Ethics shall be appointed to or remain as a person working for or on behalf of the Audit Board.
- 2). No person shall be appointed to the staff of the Audit Board who is a relative, through consanguinity or affinity inclusive to the fourth stage in any direction, to the Board Members or any other person who is already an officer or supervisor of the Audit Board.
 - a) In case such a relationship should occur after appointment, the person most recently appointed shall resign.
- 3). All staff of the Audit Board shall be of proven capacity and competence in the performance of their respective duties.
- 4). Staff involved in audit shall have an academic degree awarded by a recognized institution of higher education or the equivalent in experience in a field that would generally be viewed as appropriate for performing duties assigned.

H. The Board Members are authorized and expected to develop and implement a training program which ensures that Audit staff, and other staff as deemed necessary, remain competent to carryout their duties effectively and efficiently in accordance with currently acceptable standards, practices, procedures and guidelines.

Part V – Audit and Reporting

16. Audit Jurisdiction

- A. The audit jurisdiction of the Audit Board, includes:
 - 1). All activities of all State government entities, except for the Legislature, no matter what the source of their funding, except that:
 - a) Audits of the Judicial will be limited to audits of financial and administrative matters;
 - 2). All activities of regional and local government entities that are fully or partially financed or financially guaranteed by the State, generate revenues to the State, or are under the control of the State;
 - 3). All activities of private and public associations, banks, corporations, enterprises, institutions, and organizations that are fully or partially financed or financially guaranteed by the State, generate revenues to the State, or are under the control of the State;
 - 4). All activities of any other entity that that are fully or partially financed or financially guaranteed by the State, generate revenues to the State, or are under the control of the State; and
 - 5). All activities of regional and local government entities; public associations, corporations, enterprises, institutions, and organizations; and any other public entity that are financed by international organizations or other countries.
- B. The Audit Board may audit any of the activities of the Legislature if requested to do so by the Legislature.

17. Types of Audits

- A. The Audit Board has the authority to conduct regularity and performance audits.
- B. As partially defined by INTOSAI and adopted for the purposes of this Act, regularity audit includes attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and

expression of opinions on final accounting or financial statements, whichever is appropriate; attestation of financial accountability of the government administration as a whole; audit of financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations; audit of internal control and internal audit functions; audit of the probity and propriety of administrative decisions taken within the audited entity; and reporting of any other matters arising from or relating to the audit that the Audit Board considers should be disclosed.

- C. As partially defined by INTOSAI and adopted for purposes of this Act, performance audits (which includes the aspects of value-for-money, operational and management audits) include an audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities and any other review or examination of any aspect of the operations of a person or entity.

18. Audit Planning and Discretion

- A. The Audit Board shall develop a comprehensive annual and long-term audit plans.
- B. The Audit Board has sole discretion in developing the plans and is not to be subject to the influence or direction from anyone or anything, except the requirements under this Act and, in relation to:
 - 1). Whether or not a particular audit is to be conducted,
 - 2). The way in which a particular audit is to be conducted, or
 - 3). The priority to be given to any particular matter.
- C. In developing the plans, the Audit Board should give due consideration to:
 - 1). Suggestions made by and the needs of the Legislature and the Executive;
 - 2). Internal audits and audits planned or already performed by professionals hired by the entities under the audit jurisdiction of the Audit Board;
 - 3). Audits planned or already performed by international organizations of funds provided by such organizations to the entities under the audit jurisdiction of the Audit Board; and

- 4). Flexibility in the plans to allow for audits needed for unforeseen emergencies, critical requirements of the Legislature, serious accusations, indications of fraud or criminal activities or other important reasons.

19. Audit and Reporting Standards

- A. The Audit Board shall establish auditing and reporting standards and practices that will be followed by the Audit Board, internal auditors and any other professional organization or entity performing audits of matters within the jurisdiction of the Audit Board except for audits by international organizations performing audits of funds they provide.
 - 1). The standards will meet generally acceptable audit and reporting standards and practices.
 - 2). At a minimum, the standards and practices will meet standards and practices established by INTOSAI, IFAC and similar international organizations whose aim it is to improve accounting and auditing in the public sector.
 - a) The standards and practices of international organizations may be revised as necessary to account for national differences of culture, language, legal and social systems; but any revisions will not weaken the intent, objectives and effectiveness of the standards and practices.
 - 3). A proposed version of the standards and practices will be published in an appropriate manner to make the proposal known to the public and a copy provided to all internal audit entities and any other professional organization or entity required to meet them.
 - a) Sufficient time will be allowed for anyone who wishes to do so to comment on the proposal.
 - b) Any comments received will be taken into consideration in establishing a final version.
 - 4). The final version of the standards and practices will be published in the official State journal and a copy provided to all internal audit and any other professional organization or entity required to meet them.

20. Financial Audits and Reports

- A. The Executive and other entities covered by the audit jurisdiction of the Audit Board shall submit end of budget year financial statements for their operations to the Audit Board for audit in accordance with standards and requirements established by Laws of the State or other State entities required by Laws of the State to establish such standards and requirements.
 - 1). Any person responsible for complying with the provisions of Section A above will be considered as interfering with the activities of the Audit Board and subject to the provisions of Paragraph 23, Section C. below.
- B. The Audit Board may rely on the audits performed by other organizations discussed in Paragraph 19, Section A. above if the Audit Board has reasonable assurance through such means as prior experience, tests or other indicators that the audits and the reports on those audits are accurate, reliable and meet standards approved by the Audit Board.
 - 1). The Audit Board may establish requirements that copies of the reports be delivered to the Audit Board and made available to the public and media in accordance with Part VII.
 - 2). The requirements established by the Audit Board will be published in the official State journal.
- C. The Board Members, for good cause, may decide to perform regularity audits of entities under the Audit Board's audit jurisdiction less frequently than annually.
- D. Where the Audit Board decides to audit an entity under its jurisdiction, the Audit Board, within a reasonable time from receipt of the final accounting or financial statements from the entity, shall send a final report to the Legislature on its audit of the statements and a copy of the report to the audited entity.
 - 1). Where the Audit Board relies on another's audit of a State entity or decides to audit a State entity less frequently than annually, the Audit Board will advise the Legislature and the appropriate entity of such reliance and decision.
- E. The Audit Board may charge the audited entity a fee to cover direct and indirect costs for financial audits it performs.

- 1). The Audit Board shall provide the entity to be charged a fee with the estimated amount of the fee and details of the basis on which the estimated fee was determined.
 - a) The Audit Board shall provide the entity to be audited with the estimate in time for that entity to include the estimated amount of the fee in its applicable budget proposal.
- 2). At the completion of the audit, the Audit Board shall request payment of the fee and provide the audited entity with details of the basis for the fee charged.
- 3). The fee charged by the Audit Board shall be transferred by the audited entity to the general treasury of the State after the audit is completed and the audited entity receives the claim for fees and such fees shall not be used by the Audit Board as part of its funding.

21. Performance Audits

- A. The Audit Board may at any time conduct a performance audit of any entity under its audit jurisdiction.
- B. Before starting the audit, the Audit Board shall advise the entity to be audited of the audit and its scope.
- C. Upon completion of the audit and preparation of the report, the Audit Board shall
 - 1). Request the audited entity to comment on the report and allow 30 days for such comments to be received.
 - 2). Not extend the 30-day comment period without good cause given by the audited entity, and
 - 3). Include and give consideration to comments received in the final report.
- D. The Audit Board shall send the Legislature and the audited entity the final report as soon as practicable after comments are received or the 30-day comment period is up.

22. Testimony, Advice and Other Reports

- A. The Board President, Board Members, or anyone designated to do so by the Board Members, may testify before the Legislature, an entity of the Legislature or an entity of the Judicial.
- B. The Board Members, or anyone designated to do so by the Board Members, may provide advice or information to a person or entity relating to the Audit Board's responsibilities if, in the Board Members' opinion, it does not affect the integrity of the Audit Board and is in the State's interest to do so.
- C. The Audit Board may, at any time, report or provide a statement to the Legislature or an entity of the legislature on any matter that, in the Board Members' opinion, is in the State's interest.

23. Access to Information

- A. The Audit Board shall have free, full and immediate access to all data irrespective of the media it is stored on, assets, premises and any other material or items in the custody of or under the control of the entities within the audit jurisdiction of the Audit Board, or the entities on which the Audit Board relies for audit, that the Audit Board deems necessary to perform its duties and functions.
 - 1). Such access extends to organizations, bodies or persons engaged by the entities discussed in Paragraph 19, Section A. above as it relates to such engagement.
 - 2). The entities discussed in Section A. and A., 1, above shall provide the Audit Board with office space and other facilities that the Audit Board deems necessary to gain such access and perform its duties and functions.
 - 3). Copies of any documents or materials, access to any premises, and providing office space and any facilities requested by the Audit Board will be provided to the Audit Board without fee.
- B. Upon written notice, the Board Members or anyone authorized by the Board Members may require anyone currently or previously involved in the activities under audit or in audits the Audit Board relies on, to:

- 1). Provide a written explanation of any related matter; or
 - 2). Attend and give evidence, on oath, affirmation or otherwise, before the Board Members or the designated person.
- C. Anyone not complying with the requirements of the provisions of or providing false or misleading information or statements under Paragraph 20, Section A. or Paragraph 23, Section A. and B., without good cause acceptable to the Board Members, will be considered as interfering with the activities of the Audit Board and shall be guilty of a felony under the Laws of the State.
- 1). The Board Members shall:
 - a) Take immediate steps to prosecute the person or persons doing the interfering by following prosecution procedures set out by the Laws of the State for prosecuting felony violations, and
 - b) Advise the Legislature of any interference as soon as practicable.
 - 2). The State entity that normally prosecutes felony violations will take steps to vigorously prosecute the interference and treat the Audit Board as its client in all respects.
 - 3). Anyone convicted of interference under this provision shall be imprisoned for a minimum of one year and a maximum of five years, depending on the seriousness of such interference.

24. Protecting Sensitive Information

- A. Any secret or sensitive material or evidence, written or otherwise, obtained by or made available to the Audit Board pursuant to this Act shall be given the same level of confidentiality and protection as is required by the entity from which obtained or Laws of the State.
- B. If the Board Members believe that the classification of materials, written or otherwise, is for the purpose of not disclosing violations of Laws of the State or not in the best interest of the State, the Board Members may disclose the information to a person or entity of the Legislature authorized to know about such information and resolve such issues.
- C. The Board Members and staff of the Audit Board shall be subject to the same penalties prescribed by Laws of the State for unauthorized disclosure or use of

protected information as officers and employees of the entity from which the information was obtained.

Part VI – Adjudication and Disciplinary Action

25. Adjudication

- A. If the Audit Board finds that, as a result of audit, an official in charge of the receipt, custody, or distribution of assets of any kind of an audited entity has caused an actual loss or damage of such assets due to the lack of professional care, the Board Members may adjudicate that the officer causing the loss is liable for the full or partial cost of the restoration of the loss.
- B. The Audit Board will transmit in writing any adjudication under Section A. above to the head of the audited entity or other appropriate official designated by the head of the audited entity (hereafter in Paragraph 25 referred to as the appropriate official) demanding immediate restoration action against the person causing the loss.
 - 1). The written adjudication will clearly specify the person liable for restoration, the restoration amount, the time allowed for the restoration and reasons for the adjudication.
- C. The appropriate official to whom a written adjudication is sent shall serve it to the person liable for restoration within 15 days from the date of receipt, and shall order the person to make restoration within the period set by the Audit Board.
- D. If an Audit Board's adjudication is believed to be illegal or unjust, the person liable for restoration or the appropriate official may, within 30 days from the date the adjudication is served to the person liable for restoration, request the Audit Board to reexamine the adjudication.
 - 1). The request for reexamination shall be in writing and contain a clear statement of content and reason for its request, and shall be submitted to the Audit Board with evidence that the adjudication is illegal or unjust.
 - 2). Action on enforcing the adjudication shall be suspended until the Audit Board disposes of the request for reexamination.

- E. Within 30 days from receipt of a request for reexamination of an adjudication, the Audit Board shall:
 - 1). Reject a request for reexamination if it does not satisfy the requirements,
 - 2). Reject a request for dismissal or modification of an adjudication if no good reason for dismissal or modification is found, or
 - 3). Cancel or modify the original adjudication if good reason is found; and
 - 4). Advise the person liable under the reexamined adjudication and the appropriate official of its decision.
- F. Board Members, for good cause, may extend the time periods set out in this paragraph above.
- G. If the Audit Board does not dismiss an adjudication, the appropriate official will demand restoration by the liable person in accordance with the original adjudication or its modification by the Audit Board, whichever is appropriate.
- H. If the person liable for restoration refuses to accept and restore the loss required by the adjudication or cannot be located, the appropriate official will turn the matter over to the appropriate law enforcement entity for enforcement.
- I. In case the appropriate official required to take action under Sections B., F., or G. above is absent or uncertain, the Audit Board shall assume the responsibility of those sections.
- J. The enforcement entity receiving an adjudication under Section G shall treat and pursue the enforcement of the adjudication as a serious crime against the State.
- K. The appropriate official or enforcement entity, depending on who is enforcing the adjudication, shall report monthly in writing to the Audit Board on enforcement progress, plans and problems until such time as the Audit Board cancels such requirement.
- L. Within 5 years after an adjudication the Audit Board may cancel or modify the adjudication in case it discovers that the adjudication was improper due to any error or omission in the statement of accounts or vouchers.

- M. The person liable for restoration of losses set out by an adjudication under this section of the Act may appeal the adjudication through applicable judicial proceedings authorized under other Laws of the State.
 - 1). Such an appeal shall not delay the enforcement of an adjudication upheld by the Audit Board.

26. Disciplinary Action

- A. If the Audit Board finds as a result of audit that an official in charge of the receipt, custody, or distribution of any kind of assets of an audited entity has caused or could have caused a grave loss of such assets intentionally or through gross negligence, it may demand dismissal or other disciplinary action against the official from the head of the entity or an official designated by the head of the entity to handle such matters (hereafter in Paragraph 26 referred to as the appropriate official).
- B. The Audit Board will transmit the request for disciplinary action to the appropriate official in writing and clearly specify the person to be disciplined and the kind of and reasons for disciplinary action.
- C. The official receiving the request shall, in accordance with Laws of the State, take action to meet the request within 30 days from receipt of the request unless the person to be disciplined or the appropriate official believes the request is illegal or unjust.
- D. If an Audit Board's request for discipline is believed to be illegal or unjust, the person to be disciplined or the appropriate official may, within 30 days from receipt of the Audit Board's request by the appropriate official, ask the Audit Board to reconsider the request.
 - 1). The request for reconsideration shall be in writing, contain a clear statement of content and reason for the request, and be submitted to the Audit Board with evidence that the request is illegal or unjust.
 - 2). Action on enforcing the Audit Board's request shall be suspended until the Audit Board disposes of the request for reconsideration.
- E. Within 30 days from receipt of a request for reconsideration, the Audit Board shall:
 - 1). Reject the request if it does not satisfy the requirements,

- 2). Reject the request for dismissal or modification of the request for discipline if no good reason for dismissal or modification is found, or
 - 3). Cancel or modify the request for discipline if good reason is found; and
 - 4). Advise the person under reconsideration for discipline and the appropriate official of its decision.
- F. Board Members, for good cause, may extend the time periods set out in this paragraph above.
 - G. If the Audit Board does not cancel its request for discipline, the appropriate official shall take action to meet the request in accordance with the original request or its modification by the Audit Board, whichever is appropriate.
 - H. The appropriate official shall report monthly in writing to the Audit Board on the progress of actions taken to complete the requested disciplinary action until the requested action is completed or the Audit Board cancels the reporting requirement.
 - I. The person to be disciplined under this section of the Act may appeal the Audit Board's decision through applicable judicial proceedings authorized under other laws of the State.
 - 1). Such an appeal shall not delay the enforcement of the Audit Board's request for disciplinary action.

Part VII - Information Available to Others

27. Freedom to Distribute Reports and Testimonies

The Audit Board may at any time publish, distribute or otherwise make available to the public and media any report issued by the Audit Board or testimony given by Board Members or anyone authorized to do so by Board members.

28. Publishing Lists of Reports and Testimonies

- A. At the end of each quarter of a budget year, the Audit Board shall have published, in an appropriate manner to make the information known to the public, a list of all;

- 1). Audit reports and statements issued by the Audit Board to others during that quarter;
- 2). Testimonies given by Board Members, or anyone authorized to do so by the Board Members, before the Legislature or an entity of the legislature; and
- 3). Reports on audits by others on which the Audit Board has relied.

29. Providing Information on Request

- A. Upon request by anyone, the Audit Board shall, except when it violates the provisions on disclosure of sensitive and secret information in Paragraph 24 above, provide copies of all:
 - 1). Reports or statements issued by the Audit Board,
 - 2). Testimonies given by the Board Members or anyone authorized to do so by the Board Members, and
 - 3). Information gathered during audits by and any other documents under the control of the Audit Board.
 - a) The Audit Board may charge a reasonable fee for the reproduction and delivery of requested information and resources expended to ensure that sensitive information is not released.

Part VIII – Reporting and Auditing Audit Board Operations

30. Reporting Audit Board Operations

- A. Within 60 days after the close of a budget year, the Audit Board will submit to the Legislature an annual report on its activities and operations.
 - 1). The annual report shall include the audit report on the Audit Boards final accounting or financial statements, whichever is appropriate for the budget year.
 - 2). The Board Members shall develop a proposed version of policies and standards for the format and content of the Audit Board's annual report for

the purpose of ensuring full and complete disclosure of the Audit Board's activities and operations, and publish the proposal in an appropriate manner to make the proposal known to the public.

- a) Sufficient time will be allowed for anyone who wishes to do so to comment on the proposal.
 - b) Any comments received will be taken into consideration in establishing a final version.
- 3). The final version of the policies and standards will be published in the official State journal.

31. Auditing the Audit Board

- A. The Legislature shall appoint a person to audit the operations of the Audit Board that:
 - 1). Is independent of the Audit Board and any entity within the audit jurisdiction of the Audit Board, and
 - 2). Meets the same qualifications and requirements as that of the Board Members under this Act.
- B. The appointed auditor shall appoint persons with similar qualifications and requirements to that for Audit Board staff under this Act.
- C. The budget and organizational structure for the audit function, and the pay and benefits for the appointed auditor shall be set by the Legislature.
- D. The appointed auditor is authorized to perform the same types of audits as authorized for the Audit Board.
 - 1). The access to information provisions under this Act applies to the Audit Board and its staff as if they would apply to an entity or person within the audit jurisdiction of the Audit Board.
- E. The audit and staffing activities of the audit function will meet the same standards and requirements established for the Audit Board by this Act or established by the Audit Board in accordance with this Act.
- F. The Audit Board shall provide its final accounting or financial statements, whichever is appropriate, to the appointed auditor within 15 days after the end

of a budget year and the auditor will provide the Audit Board with a final audit report on those statements within 30 days after receipt of the statements.

G. The appointed auditor may:

- 1). At any time submit to the Legislature and the Audit Board a report on any matter related to the operations of the Audit Board, and
- 2). Testify before the Legislature or entities of the Legislature on any matter related to Audit Board Operations.
 - a) Such reports and testimony shall be made public and available for distribution in the same manner as required for reports by the Audit Board.

H. The appointed auditor and the assisting staff shall not behave in any manner that might influence any matter related to an audit by the Audit Board.

Part IX – Transition Provisions

32. Transition Procedures as Applicable

- A. Upon the effective date of this Act, all assets and staff, at any location, of a previous State audit office abolished by this Act will be transferred to and become the assets and staff of the Audit Board.
- B. The Board President or other head of the previous audit office will become the temporary Board President until such time as the Board President is appointed in accordance with the provisions of this Act.
- C. Four of the most senior (in terms of tenure and then in terms of age if required to determine seniority) officers of the previous audit office will become temporary Board Members until such time as the Board Members are appointed in accordance with the provisions of this Act.
- D. The leaders of the previous office and the temporary Board Members shall not make any organizational, administrative or operational changes, or hire, promote, or dismiss any staff member, except for reasons of compliance with law, in anticipation of this Act or while temporary Board Members.

- E. The temporary Board President or Board Members are not prohibited from being appointed Board President or Board Members as long as the appointments are in accordance with the provisions of this Act.
- F. The Legislature and others required to be involved in appointing the Board President and Board Members will act to appoint the Board President and Board Members under this Act as soon as practicable.
- G. Within three months after the appointment of the Board Members, the Board Members will submit to the Legislature a proposal for the general organizational framework and number of Board Members of the Audit Board.
- H. The proposal will include estimates of the number, competencies, and rank of staff to be each level of the organizational framework; the pay for staff members at those levels; the facilities and infrastructure; the funds required for the remainder of the budget year; and other matters the Board Members deem necessary for the Audit Board to comply with this Act and to be operated effectively, efficiently and economically.
- I. The Legislature and, as required to be involved, the Executive will approve the proposal made by the Board Members, revised as deemed necessary, as soon as practicable.
- J. The Executive will not hinder the Audit Board from drawing funds or taking action approved by the Legislature.
- K. Within one year after the Legislature has approved and funded the proposal by the Board Members, the Audit Board will be brought into substantial compliance with the provisions of this Act.
- L. To facilitate substantial compliance, generally accepted standards, guidelines, practices and procedures, including those of internationally recognized organizations, may be adopted as they relate to particular Act provisions so long as they ensure the integrity of the Audit Board and comply with the Laws of the State.
- M. Any changes to the generally accepted standards, guidelines, practices and procedures are not to weaken their effectiveness but may strengthen them.
- N. The generally accepted standards, guidelines, practices and procedures adopted in transition may be made permanent to the extent the Board Members deem necessary and appropriate.