

RULES OF PROCEDURE OF THE STATE AUDIT INSTITUTION

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GENERAL PROVISIONS

Scope

Article 1

These Rules of Procedure specify the manner and procedure in which the State Audit Institution (hereinafter: Institution) shall perform its duties of auditing, advising the beneficiaries of public funds, mode of reporting to the National Assembly, organization and composition of Institution, mode of providing publicity of work, mode of decision making and other issues relevant for the operations of Institution.

Institution written instruments

Article 2

Any Institution written instrument shall contain:

- 1) full name and address of Institution;
- 2) number under which it has been entered into the register;
- 3) enactment date;
- 4) signature of authorized person, and
- 5) seal.

Institution may send the instruments referred to in paragraph 1 of this Article in e-format, pursuant to regulations covering e-operations and e-signature. An instrument sent in the e-format has equal validity as its printed counterpart.

Institution seal

Article 3

Institution has its seal. The Institution seal is circular. In the centre of the circular seal there is the coat of arms of the Republic of Serbia, on the outer circle the text – Republic of Serbia State Audit Institution – is written in concentric circles, and below the coat of arms the seat of Institution, Belgrade is stated. The text is written in the Serbian language, using Cyrillic alphabet.

Documents on effectuation of auditing competences

Article 4

Before the onset of auditing, Institution produces the Request to Submit Information. The General State Auditor prescribes rules and enacts guidelines and instructions to perform individual phases of auditing.

Article 5

In the course of performance of its auditing competences, Institution shall enact the

following documents:

- 1) Conclusion to Conduct Audit;
- 2) Conclusion on Objection to Conclusion to Conduct Audit;
- 3) Conclusion on Auditing Procedure Suspension;
- 4) Authorization to Conduct Audit;
- 5) Receipt for Confiscated Documents;
- 6) Order to Submit Documents;
- 7) Draft Audit Report;
- 8) Letter to Management;
- 9) Proposed Audit Report;
- 10) Request for External Expert;
- 11) Conclusion on Contested Finding of Audit;
- 12) Response to Objection to Audit Findings;
- 13) Audit Report.

Article 6

In the post-auditing proceedings, Institution shall pass the following documents:

- 1) Request to Undertake Measures;
- 2) Notification to Parliament;
- 3) Request to Relieve Responsible Person of duty;
- 4) Release to the Public.

Decision making at the Council meetings

Article 7

The Council of the State Audit Institution (hereinafter: Council) is the supreme body of Institution. Council is a collegial body that decides on the issues within its competence collectively.

Operating and decision making procedures of Council shall be specified in the Council Rules of Procedure.

Institution officials

Article 8

Institution officials are persons empowered in writing by the General State Auditor to perform functions or tasks within the given powers. These are:

- 1) supreme state auditor;
- 2) certified state auditor;
- 3) state auditor;
- 4) other person that the Institution President empowers in writing to perform duties within these powers.

Definitions of terms

Article 9

In addition to definitions of terms in Article 2 of the Law, the following additional terms shall be used these Rules, as defined below:

- 1) **Annual Report** is the audit document of the auditee that is composed once a year and it includes financial statements (balance statement, profit and loss statement,

cash flow statement and statement on change in equity) and auditor's report on these statements;

2) **Auditees** are beneficiaries of public funds as stipulated in Article 10 of this Law;

3) **Management** is composed of officials and other persons in managerial positions; executives are persons authorized for governance when they are in office;

4) **Documentation** is the material (working documents) prepared by the auditors or for auditors, or that the auditor has provided and kept for the purpose of audit;

5) **Violation of duty of good business practice** is violation of the set of norms and rules of conduct in business that are in concert with common practice based on business ethics and morality;

6) **Database** is a system of data used by various users for various purposes;

7) **Previously responsible person** is the person that was responsible for operations in the period covered by audit;

8) **Response Report** is the report on rectification of detected irregularities or lack of purpose.

Audit Program

Article 10

Before expiry of the current calendar year, Council shall enact the annual audit program for the following calendar year, pursuant to Article 35 of the Law. The Council may amend this program in the course of the year.

II. COLLECTION OF DATA BEFORE THE ONSET OF AUDIT

Order to submit data

Article 11

Before the onset of audit the competent supreme state auditor may furnish the order to submit data needed to plan and conduct the audit to the auditee.

The order to submit data shall contain:

1) name and address of the auditee;

2) list of bookkeeping and/or other documentation and data in the possession of the auditee that are necessary for Institution to plan and conduct the audit;

3) Notice to the auditee stating that in case the auditee to which the order to submit the data has been served fails to comply within an 8-day term as of the serving date, a misdemeanor action shall be filed pursuant to Article 57, item 1) of the Law.

III. ONSET OF AUDIT PROCEDURE

Conclusion to Conduct Audit

Article 12

The audit procedure starts with the Conclusion to Conduct Audit.

The Conclusion to Conduct Audit shall be made by the general state auditor based on the audit program.

The Conclusion to Conduct Audit shall include:

1) name and address of the auditee; if the audit is to be conducted with more subjects of audit, names and addresses of all subjects in which the audit will be conducted shall be specified;

2) purpose of audit;

3) date of onset of audit and its duration;

4) advice on legal remedy, i.e. possibility of objection to the Conclusion to Conduct Audit.

The Conclusion to Conduct Audit may specify that the objective of the audit is to provide opinion on:

1) financial statements;

2) harmonization of operations with the regulations in the pertinent area;

3) evaluation of efficiency, effectiveness and economy of operations.

The Conclusion to Conduct Audit shall unequivocally specify the period of operations covered by the audit.

If providing opinion on financial statements is one of the objectives of the audit, the Conclusion to Conduct Audit shall specify which of the financial statements will be subject to audit.

In the course of auditing procedure, the general state auditor may pass amendment to the Conclusion to Conduct Audit.

Objection to Conclusion to Conduct Audit

Article 13

Objection to the Conclusion to Conduct Audit may be filed to Council.

The objection may be filed not later than 8 days after the Conclusion to Conduct Audit has been served.

Objection to the Conclusion to Conduct Audit shall include:

1) reference to the Conclusion to Conduct Audit to which the Objection is filed;

2) rationale for such Objection.

In case of Objection to the Conclusion to Conduct Audit the actual audit shall be suspended.

Conclusion on Objection to Conclusion to Conduct Audit

Article 14

Objection to Conclusion to Conduct Audit shall be discussed by Council and pertinent Conclusion shall be made three days after the Objection has been received at the latest.

The Conclusion may dismiss the objection, refuse it or accept it as justified.

Conclusion referred to in paragraph 1 of this Article may not be contested.

Objection to Conclusion to Conduct Audit shall be dismissed if submitted by an unauthorized person, if it is untimely, if reasons for objections are not stated or if the applicant does not contest the Conclusion to Conduct the Audit.

Objection to Conclusion to Conduct Audit shall be refused as ungrounded if there is no doubt that the contested conclusion is served to the auditee and if there is no doubt that the objectives of audit have been specified in the contested conclusion, within the auditing competences of Institution.

Conclusion on Objection has to be served to the objecting party and shall include:

1) name and address of the objecting party;

2) reference to the contested Conclusion to Conduct Audit;

3) disposition;

4) rationale;

5) legal remedy.

Conclusion on Auditing Procedure Suspension

Article 15

The Council shall make a Conclusion on Auditing Procedure Suspension if they find the Objection to the Conclusion to Conduct Audit justified.

In the course of auditing procedure, the Council may pass a Conclusion on Auditing Procedure Suspension if they find the audit beyond the competence of Institution. After passing the Conclusion on Auditing Procedure Suspension, the recipient of the Conclusion to Conduct Audit shall no longer have the status of auditee.

Authorization to conduct audit

Article 16

Authorization to conduct audit shall be issued by the general state auditor designating the person authorized to conduct audit.

The authorized person shall collect pertinent and sufficient data to issue opinion on the operations of the auditee to achieve the audit objectives.

Auditee to whom the Conclusion to Conduct Audit has been served shall make it possible for the authorized persons to have insight into documentation and data to achieve the audit objectives.

In order to collect the data referred to in paragraph 2 of this Article, the person authorized to conduct audit shall submit the request to the auditee to investigate the operative systems and sub-systems and systems of internal control and accounting, review of accounting and other documents of operations/business and to have access to other sources of data on the operations of the auditee.

The request shall be submitted in writing.

Receipt for Confiscated Documents

Article 17

If the authorized person conducting the audit identifies a materially significant action i.e. documentation of the auditee suggesting the presence of a criminal offence or misdemeanour, he shall make a list of these documents, confiscate them and secure them, but for a period of 8 days at the longest.

Receipt shall be issued for the confiscated documents.

Institution shall notify the competent bodies on all actions and documentation referred to in paragraphs 1 and 2 of this Article.

Order to Submit Documents

Article 18

If within 15 days after the Conclusion to Conduct Audit has been served the authorized officials of Institution are prevented by the auditee to undertake audit or if in the course of audit the Institution official finds that the auditee is not sufficiently collaborative in the auditing process, the general state auditor shall issue the Order to Submit Documents.

The auditee shall comply with the order referred to in paragraph 1 of this Article 8 days after the Order has been served at the latest.

The general state auditor may enact more amendments to the Order to Submit Documents.

The Order or the amendment thereof shall contain:

- 1) name and address of the auditee;
- 2) list of bookkeeping or other documents on operations that the auditee shall submit to Institution;
- 3) deadline to comply with the order or amendment thereof;
- 4) notice to the auditee stating that in case the auditee fails to submit the documents listed in the Order, i.e. amendment thereof timely, action for misdemeanour shall be filed pursuant to Article 57, item 2) of the Law.

Audit Report

Article 19

The Audit Report shall be composed in writing, as audit draft, proposal and report completing the audit procedure, pursuant to the international auditing standards.

The draft and proposal of the report shall be confidential.

The Audit Report shall be composed of the following main parts:

- 1) report title;
- 2) addressee (who is the report addressed to);
- 3) initial or introductory paragraph including:
 - 3.1.) identification of financial statements that were subjected to audit;
 - 3.2.) statement of responsibility of auditee and responsibility of auditor
- 4) paragraph on the scope of audit, including:
 - 4.1.) reference to international audit standards or pertinent domestic regulations;
 - 4.2.) description of the auditor's activities;
- 5) paragraph with opinion including:
 - 5.1.) reference to the framework for financial reporting used in the course of compiling financial statements;
 - 5.2.) opinion on these financial statements;
- 6) reporting date;
- 7) Institution address, and
- 8) signature of the Institution official.

Draft Audit Report

Article 20

The Draft Audit Report shall be composed after the audit of auditee has been conducted, pursuant to the following procedure:

- 1) the auditee receives audit Draft Audit Report. If the audit of several auditees has been conducted, each of them is served the corresponding part of the Draft Audit Report;
- 2) the auditee, i.e. previously responsible person shall submit written notification substantiating that he does not contest any of the findings contained in the report not later than 15 days after the draft report has been served
- 3) the auditee, i.e. previously responsible person may file substantiated objection to the Draft Audit Report not later than 15 days after the draft report has been served;
- 4) the competent supreme state auditor shall evaluate justifiability of the comments in the objection not later than 15 days after the receipt thereof;

5) the competent supreme state auditor may summon the responsible person of the auditee to the hearing on the draft Audit Report where new evidence may be submitted;

6) more hearings may be conducted on the Draft Audit Report. The first shall be held not later than 15 days and the last not later than 30 days after the draft report has been served;

7) the hearing on which the Draft Audit Report is discussed shall be chaired by the supreme state auditor and it is generally held at the seat of the auditee;

8) the hearing on the Draft Audit Report is not necessitated if the auditee has notified Institution that he does not contest any of the findings contained in the draft not later than 15 days after the draft report has been served.

Letter to Management

Article 21

Pursuant to auditing standards, the supreme state auditor shall issue a letter to management, with approval of the general state auditor or the competent member of Council.

Generally, the letter shall, be issued before the draft or together with the Draft Audit Report.

The letter shall contain:

- 1) reference to the audit in question;
- 2) list of weaknesses in the operation of internal control and other shortcomings in the operations of the auditee that have been identified by the audit;
- 3) possible recommendations to the auditee.

The letter may also refer to the response of the management on the measures undertaken to rectify the identified shortcomings.

If the letter has been issued, without invitation to respond or if it contained an invitation to respond, and until the Audit Report has been published the response has not been delivered to Institution, or if the response has been delivered to Institution before publication of the Audit Report, but was found unsatisfactory, the auditee may be required to submit the Response report and specify the remedial measures introduced due to the shortcoming of the operations highlighted in the letter.

Purpose of the hearing on the Draft Audit Report

Article 22

The Draft Audit Report shall be discussed at the hearing with representatives of Institution and auditee in order to rectify the identified inconsistencies.

Representative of the auditee may provide clarifications relating to certain findings in the Draft Audit Report. His explanations may be incorporated into the Proposed Audit Report.

Invitation to hearing on a Draft Audit Report

Article 23

A supreme state auditor shall send invitation for hearing to the auditee and notify Council accordingly.

The invitation to the hearing on the draft report shall specify:

- 1) purpose of the hearing with reference to the draft report in question;

- 2) date, time and venue of the hearing;
- 3) name of the hearing chairperson;
- 4) clarification that the auditee may contest the findings of audit at the hearing dedicated to it;
- 5) note that representatives of auditee may participate in the discussion at the hearing;
- 6) if the representative of the auditee does not take part in the discussion or does not attend the hearing, it shall be deemed that no findings from the draft report have been contested, the representative of the auditee verifies that he was prevented from attending the hearing by justified reasons unless within three days of the date set for the discussion.

Course of the hearing on Draft Audit Report

Article 24

Generally, the competent supreme state auditor shall chair the hearing to discuss a Draft Audit Report.

Representative of the auditee who was not present at the hearing may evidence justifiability of his absence within three days of the date set for the hearing.

If the chairperson of the meeting finds that the representative of the auditee has substantiated justifiability of his absence, a new hearing will be convened.

If the hearing chairperson finds that the representative of the auditee has exceeded the term to substantiate justifiability of his absence or if sufficient evidence for justifiability has not been provided, he shall communicate a notification accordingly. The notification shall include a statement that it shall be deemed that the auditee does not contest any of the findings presented in the draft report.

The Institution President shall pass an Institution instrument to regulate details of the course of the hearing to discuss the Draft Audit Report.

Minutes of the hearing on Draft Audit Report

Article 25

Minutes shall be taken on the hearing convened to discuss a Draft Audit Report. The minutes shall include:

- 1) date, time and venue of the hearing;
- 2) names of persons present and persons invited, but not present at the hearing;
- 3) review of contested findings of the audit;
- 4) clarifications of the representative of the auditee to the findings of the audit;
- 5) review of the findings of the audit that are not agreed by the representative of the auditee;
- 6) list of documents the auditee submitted at the hearing;
- 7) date, time and venue of the following hearing if another hearing is needed.

Minutes of the hearing to discuss a Draft Audit Report shall be signed by the minute taker, representative of the auditee and chairperson of the hearing.

Proposed Audit Report

Article 26

After the last hearing at which the Draft Audit Report is discussed, the supreme state auditor shall undertake the following actions:

1) compose the Proposed Audit Report, which is served to the auditee and responsible persons within 30 days after the last hearing at which the Draft Audit Report has been discussed;

2) if the discussion on the Draft Audit Report is not needed since the conditions referred to in Article 20, item 8) of these Rules have been met, the supreme state auditor shall submit the Proposed Audit Report to the auditee not later than 15 days after the notification from the auditee has been received substantiating that he does not contest any of the findings in the Draft Audit Report;

3) auditee or the previously responsible person may file an objection to the findings of audit contained in the Proposed Audit Report;

4) general state auditor may decide that opinion of an external expert be obtained on the whole or a part of the Proposed Audit Report;

5) if the findings of audit contained in the Proposed Audit Report has been contested or if the external expert expressed doubts as to its correctness, the finding shall be deemed disputable.

Establishing the Proposed Audit Report

Article 27

The Proposed Audit Report shall be set by the competent supreme state auditor with approval of the general state auditor or a competent Council member.

If the competent supreme state auditor and competent Council member fail to reach agreement on the Proposed Audit Report, on disputable contents of the Proposed Audit Report, the general state auditor shall rule.

The proposed report shall be set within 30 days after the date of the last hearing to discuss the Proposed Audit Report.

If the supreme state auditor receives a written notification of the auditee that he does not contest any of the findings contained in the Draft Audit Report, the supreme state auditor shall set the Proposed Audit Report not later than 15 days after the receipt of such notification.

The Proposed Audit Report shall be served to the auditee, previously responsible person and Council.

Objection to the Proposed Audit Report

Article 28

The auditee i.e. previously responsible person may file an objection to the findings of audit contained in the Proposed Audit Report.

The deadline for submission of such objection is 15 days after the Proposed Audit Report has been served to the auditee or previously responsible person.

The objection to the proposed findings of the audit shall contain:

1) reference to the Proposed Audit Report with the Audit Report that the objecting party contests;

2) reference to the specific findings in the Audit Report that the objecting party contests;

3) reasons to contest the findings of audit.

Request for external expert

Article 29

The general state auditor may decide that opinion of an external expert be provided on specific parts of the Proposed Audit Report or on the whole Audit Report.

The general state auditor submits the request to hire an external expert pursuant to provisions of Article 33 of the Law.

The general state auditor may submit a request to hire more external experts to give opinion on the same issue.

The general state auditor may submit a request to hire one external expert for the same auditee to give opinion on several issues.

The general state auditor shall notify the Council on the external expert hiring.

The supreme state auditor may submit proposal to hire an external expert to the general state auditor.

External experts shall submit their findings and opinion in writing only.

Any request to hire an external expert shall contain:

- 1) name of the external expert;
- 2) subject matter that the external expert is required to present his opinion, findings or ruling on;
- 3) deadline by which the external expert shall submit his findings or opinion;
- 4) the amount of consideration for services of the external expert;
- 5) statement that Institution shall be responsible for the findings of the audit even when it relies on the findings or opinion of an external expert;
- 6) statement that all working documents produced by an external expert shall be the property of Institution and available to it.

Conclusion on contested findings of audit

Article 30

The Council shall decide on the contested findings of the audit in the Proposed Audit Report in the Conclusion. The Council may pass one of the following conclusions:

- 1) to leave the contested findings out of the Audit Report;
- 2) to keep the contested findings as the integral part of the report in its original form;
- 3) to introduce the contested findings into the report in the form determined by Council.

Council shall make the conclusion referred to in paragraph 1, item 1) of this Article if the objection of the auditee or objection of the previously responsible person to the findings of audit are fully justified.

Council shall decide on the contested findings in the Proposed Audit Report not later than 30 days after the objection to the findings of the audit contained in the Proposed Audit Report has been received.

Response to objection to audit findings

Article 31

If the auditee i.e. previously responsible person filed an objection to the findings of audit contained in the Proposed Audit Report, the response to the objection shall be served to him together with the Audit Report.

Council shall formulate the response to objection.

The response to objection shall include:

- 1) notification that Council has dismissed, rejected or adopted the objection;
- 2) explanation of essential elements when the objection was evaluated;
- 3) legal remedy, i.e. the response to objection may not be contested.

Enactment of Audit Report

Article 32

The general state auditor shall enact the Audit Report.
Before its disclosure, the Audit Report legal and technical editing shall be conducted.
The legal and technical editing of the report shall be conducted by the commission appointed by the general state auditor.
The Audit Report may not contain any findings of the audit that are not contained in the Draft, i.e. Proposed Audit Report.

Provision on correction of errors

Article 33

If, after the Audit Report has been served errors are identified as to the names or figures, wording, calculation or other technical errors, the general state auditor shall pass a conclusion on correction of errors.
The conclusion on correction of errors shall be noted on the last page of the original Audit Report and a copy of the conclusion on correction of errors shall be delivered to all persons to whom the Audit Report was submitted.

Misdemeanours and criminal offences

Article 34

If the competent supreme state auditor finds that a misdemeanour or a criminal offence have been perpetrated at the auditee, he shall notify the general state auditor thereof immediately submitting the evidence substantiating the statement in the notification.
If the competent supreme state auditor finds that the evidence referred in para.1 of this Article suggests that a misdemeanour or a criminal offence might have been committed by the auditee, he shall immediately apply to the competent body to initiate misdemeanour proceedings or press criminal charges.
The supreme state auditor shall notify the general state auditor on cases when actions of the auditee i.e. legal person operating with the auditee have inflicted damage to the state property and he shall also notify the state attorney accordingly.

IV. POST-AUDIT PROCEDURE

Response Report

Article 35

The auditee in whose operations irregularities or lack of purpose have been discovered, which were not rectified in the course of the actual auditing, shall submit a report to Institution on rectification of the discovered irregularities or lack of purpose (Response report).

The Response report shall contain:

- 1) reference to the audit in question;
- 2) brief description of irregularities or lack of purpose that have been discovered;
- 3) illustration of the remedial measures.

The Response report should be submitted to Institution 30 to 90 days after the day

on which the Audit Report has been received.

If the auditee fails to submit the Response report within the set term, misdemeanour action shall be filed pursuant to Article 57, item 3) of the Law.

The Response report shall be approved by the responsible person of the auditee by his signature and seal.

The Response report is a public document.

Verification of Response Report

Article 36

Verification of Response report shall imply the verification of truthfulness of the statements on the remedial measures undertaken by the auditee, who submitted the Response report.

Within eight days from the receipt of the Response report the competent supreme state auditor shall submit his evaluation of credibility of the Response report to the general state auditor.

Immediately after evaluation referred to in para.2 of this Article, the general state auditor shall decide whether the Response report shall be subjected to audit and shall notify the supreme state auditor accordingly in writing.

Audit of the Response report shall be conducted pursuant to the procedure stipulated for other audits, as well. The purpose of this audit is to collect pertinent and sufficient evidence for substantiated evaluation of the Response report credibility.

If the Response report has not been audited or if has been audited but insufficient evidence to suggest that it is not credible has been collected, the Response report shall be deemed credible in the subsequent procedure.

If the audit of the Response report provided sufficient evidence to pronounce the Response report not credible, the general state auditor shall file an action against the responsible person of the auditee under the suspicion that by endorsing the Response report he perpetrated a criminal offence.

Violation of the duty of good business practice

Article 37

The violation of the duty of good business practice shall be recognized in the following instances:

- 1) if the Response report suggests that the identified irregularities and lack of purpose have not been rectified in a satisfactory manner;
- 2) if the Response report submitted by the auditee is not credible;
- 3) if the auditee has not submitted the Response report within the set term.

More severe form of the violation of the duty of good business practice shall be present in case of unsatisfactory remedy of significant irregularities or significant lack of purpose.

The Council shall adopt guidelines based on which violation and serious violation of the duty of good business practice will be defined in greater detail.

Post-audit Report

Article 38

If the Response report is credible, the competent supreme state auditor with approval of the competent Council member, shall submit the Post-audit Report to the general state

auditor.

The Post-audit Report shall be submitted not later than 15 days after the receipt of the written communication that the Response report will not be subject to audit, i.e. not later than 15 days after completion of the audit of the Response report.

The Post-audit Report shall include:

- 1) reference to the audit;
- 2) brief description of irregularities and lack of purpose in operations because of which the auditee had to submit the Response report to Institution and measures undertaken to rectify the situation;
- 3) evaluation of irregularities i.e. lack of purpose referred to in item 2) of this Article;
- 4) summary of remedial measures specified in the Response report;
- 5) opinion as to whether the remedial measures specified in the Response report are satisfactory;
- 6) conclusion as to whether violation i.e. serious violation of the duty of good business practice is present.

The post-Audit Report shall be served to the pertinent auditee.

Request to undertake measures

Article 39

If the auditee violates the duty of good business practice, the general state auditor shall file the request to undertake measures. The request shall be submitted to the body that within its authority may undertake measures against the auditee who violates the duty of good business practice.

The request to undertake measures shall contain:

- 1) name and address of the auditee who violates the duty of good business practice;
- 2) names and positions of responsible persons;
- 3) reference to audit in which irregularities and lack of purpose in business operations have been identified based on which violation of the duty of good business practice is assumed;
- 4) request that the body to which the request has been served submit the report to Institution on measures undertaken or explanation as to why the measures have not been undertaken not later than 30 days after the receipt of the request;
- 5) warning that misdemeanour action shall be filed against the responsible person in case of failure to comply, pursuant to Article 57, item 4) of the Law.

The request to undertake measures shall be substantiated by the Audit Report, Response report and Post-audit Report.

The request to undertake measures shall be furnished to the auditee who violates the duty of good business practice.

Notification of Parliament

Article 40

If it is confirmed that the auditee severely violated the duty of good business practice or in case of violation of provisions of Article 38, para.9&10 of the Law, the general state auditor shall notify the Parliament accordingly.

The notification to the Parliament shall contain:

- 1) name and address of the auditee who violates the duty of good business practice;

- 2) names and positions of responsible persons;
 - 3) reference to audit in which irregularities and lack of purpose in business operations have been identified based on which severe violation of the duty of good business practice is assumed;
- The notification to the Parliament shall be substantiated by the Audit Report, Response report and Post-audit Report.
- A copy of the notification to the Parliament shall be furnished to the auditee who violates the duty of good business practice.

Request to relieve the responsible person of duty

Article 41

If serious violation of the duty of good business practice has been evidenced by the auditee or breach of provisions of Article 38, paragraphs 9 and 10 of the Law, the general state auditor shall submit a request to relieve the auditee's responsible person of duty. The request shall be submitted to the body assumed to be able to initiate or conduct the relief procedure.

The request for relief of duty shall contain :

- 1) name and address of the auditee who violates the duty of good business practice;
- 2) names and positions of responsible persons;
- 3) reference to audit in which irregularities and lack of purpose in business operations have been identified based on which severe violation of the duty of good business practice is assumed;
- 4) request that the addressed body decide on relief of duty 15 days after the request has been served and notify Institution in writing accordingly;
- 5) statement that the responsible person of the auditee shall be sanctioned for misdemeanour referred to in Article 57, item 5) of the Law unless the body passes the timely decision and timely notifies the Institution accordingly.

Request for relief of responsible person of duty shall also be served to the person whose relief of duty is requested.

Request for relief of duty of responsible person in local government bodies

Article 42

The competent supreme state auditor shall submit request for relief of duty of responsible person in the local government bodies to the general state auditor if he believes that the conducted audit suggests that the responsible person in the local authority bodies as the budget executive fails to perform his duties or fails to perform them appropriately.

The general state auditor shall address the request for relief of duty of responsible person in the local government bodies to the local assembly.

The request for relief of duty of responsible person in the local government bodies shall contain:

- 1) name of the local government;
- 2) reference to the audit that established that the responsible person in the local government bodies fails to perform his duties or fails to perform them appropriately;
- 3) reference to the tasks that the responsible person in the local government bodies fails to perform or fails to perform appropriately.

V. ADVISORY SERVICES FOR BENEFICIARIES OF PUBLIC FUNDS

Appreciation of the principle of independence

Article 43

In the course of advising the beneficiaries of local funds and auditees, providing expert assistance to the Parliament, Government and other state bodies and giving opinion on laws in the area of public finance, Institution shall preserve its auditing independence. Advising must not take the form of comment or evaluation of the submitted Audit Reports.

Opinion on issues in public finances

Article 44

Institution may give comments and opinions on proposals of regulations in the area of public finance based on experience from the already conducted audits. Council shall adopt opinions and comments referred to in paragraph 1 of this Article.

VI. REPORTING TO THE PARLIAMENT

Reports submitted to the Parliament

Article 45

Institution shall report to the Parliament submitting:

- 1) annual report;
- 2) special reports in the course of a year;
- 3) report on the audit of the annual financial statement of the budget of the Republic of Serbia, annual financial statements of financial plans of organizations of mandatory social insurance and consolidated financial reports of the Republic.

The Institution reports to the Parliament in the annual report submitted by 31st March of the current year on the following issues:

- 1) completion of the annual audit program;
- 2) provided and spent funds for operation and annual financial statement of Institution;
- 3) Council activities;
- 4) established cooperation with international professional and financial organizations;
- 5) selection of candidates for training,
- 6) examinations for audit titles;
- 7) training program to acquire audit titles
- 8) other issues within the scope of competence.

The annual financial statement of Institution shall be composed in accordance with the international accounting standards for public sector and regulations governing the budget system.

Special reports in the course of the year shall be composed of particularly important or urgent matters that, in opinion of the Council, should not be postponed to the following regular report.

VII. ORGANIZATION AND COMPOSITION OF INSTITUTION

Organization and bodies

Article 46

Institution has the Council, auditing services and support services.

Council is a collegial body and members of the Council are officials of the Institution.

Council President is the general state auditor and head of Institution.

Institution has supreme state auditors who are officials of the Institution and manage the auditing service.

Institution has a secretary who is an official of the Institution and heads the support services.

The auditing and support services perform jobs within the competence of the Institution.

The scope and manner in which the jobs of auditing and support services are performed, internal organizational structure with job descriptions will be regulated by an internal instrument of the Institution which will be passed by Council upon advice of the Institution President.

VIII. PUBLICITY OF INSTITUTION'S WORK

Providing for publicity of Institution's work

Article 47

The Institution shall provide for publicity of work as follows:

- 1) by reporting on its operations in the annual report and special reports in the course of a year;
- 2) by reporting on the audit of the annual financial statement of the budget of the Republic of Serbia, on financial plans of organizations of mandatory social insurance and consolidated reports of the Republic;
- 3) at press conferences and other modes of releasing information to representatives of the media;
- 4) in press releases;
- 5) by publication of important opinions in the area of public finance in manuals and journals in the area of public finance;
- 6) posting documents at the Institution website.

Communication

Article 48

Only the Institution President or a person authorized by him may communicate information in the course of auditing or post-auditing procedures.

If serious violation of the duty of good business practice or breach of provisions of Article 38, paragraphs 9 and 10 of the Law has been discovered at the auditee, the Institution President shall release a communication to the public.

Such communication shall include:

- 1) name and address of the auditee who seriously violates the duty of good business practice;
- 2) names and titles of responsible persons;
- 3) reference to the audit in which irregularities or lack of purpose in operations have been discovered that suggest the serious violation of the duty of good business practice;

- 4) brief description of irregularities or lack of purpose in operations that suggest the serious violation of the duty of good business practice;
 - 5) description of actions of the auditee after the audit has been completed;
 - 6) measures undertaken by Institution and bodies that the Institution has sent a request to undertake measure or to relieve the responsible person of duty.
- The communication to the public shall be published in the mass media designated by the President.

Confidentiality of the data

Article 49

The Institution staff and hired external experts shall treat the audit program, data obtained in the process of audit, drafts and proposals of the Audit Report as confidential.

The information referred to in paragraph 1 of this Article shall be official secret and may be used for the reporting purposes only.

The audit program, relating to the performance of audit within the scope of competence shall be confidential to the end of the pertinent calendar year.

Any former Institution employee and external experts formerly hired by the Institution shall keep the information confidential even after termination of the employment or service.

First names, family names and titles of responsible persons of the auditee will be the only personal data included in an Audit Report.

A special instrument of the Institution Council shall regulate recoding, archiving and accessibility of the confidential data labelled as secret.

IX. TRANSITIONAL AND FINAL PROVISIONS

Article 50

The Institution shall publish the following documents in the “Official Gazette of the Republic of Serbia”:

- 1) Rules of Procedure of the State Audit Institution, pursuant to provisions of Articles 6 and 8 of the Law;
- 2) Instrument prescribing the requirements to acquire the auditing titles and to be deprived of the title pursuant to Article 28, paragraph 9 of the Law;
- 3) the curriculum and syllabus for the examination to acquire auditing titles of the state auditor and certified state auditor pursuant to Article 28, paragraph 9 of the Law;
- 4) Instrument prescribing details of examinations for auditing titles and award of certificates for auditing titles pursuant to Article 28, paragraph 9 of the Law;
- 5) translation of internationally recognized auditing standards into the Serbian language, pursuant to Article 34, paragraphs 2 and 3 of the Law.

Other instruments that Institution enacts pursuant to the Law shall be internal documents of the Institution and published on the Institution bulletin board or website.

Enforcement

Article 51

These Rules of Procedure shall come into force the day after the approval of the Parliament is granted and published in the “Official Gazette of the Republic of Serbia”.

