



RULEBOOK
on administrative procedures of review, control and audit of political parties' financial statements

Sarajevo, November 2008

Pursuant to Article 15.2, paragraph (1) of the Election Law of Bosnia and Herzegovina (“Official Gazette of BiH”, no. 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 24/06, 32/07, 33/08 and 37/08), and in relation to Article 11, paragraph (5) of the Law on political party financing (“Official Gazette of BiH”, number 22/00), the Central Election Commission has at its 80th session held on November 13, 2008, passed

RULEBOOK

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CHAPTER I INTRODUCTORY NOTES

Article 1 (Application)

The Rulebook shall set forth procedures according to which the Office for the audit of financial operations (hereinafter: the Audit Office) conducts review, control and audit of political parties' financial statements, in line with the provisions of the Law on political party financing.

Article 2 (Scope of application)

Provisions of this Rulebook shall relate to review, control and audit of financial statements of all political parties that file the financial statements in line with provisions of Article 11, paragraphs (2) and (3) of the Law on political party financing.

CHAPTER II RECEIPT OF FINANCIAL STATEMENTS

Article 3 (Receipt of financial statements)

(1) The Audit office shall receive financial statements that the political parties are obligated to submit to the Central Election Commission of Bosnia and Herzegovina (hereinafter: the BiH Central Election Commission) in line with the Law on political party financing, the Election Law of Bosnia and Herzegovina and in the way set forth by the Rulebook on pre- and post-election financial statements of political parties (“Official Gazette of BiH”, number 61/06).

(2) The Audit office shall keep record of received financial statements and shall determine the following:

- a) If the financial statements were submitted on forms prescribed by the BiH Central Election Commission;
- b) If the financial statement was submitted within legally set deadline;
- c) if the reporting period is appropriate, and
- d) if the financial statement was signed by a person authorized to submit financial statement and does each form carry impression of the political party's stamp.

Article 4 (Informing the political party about the shortcomings in the financial statement)

Following completion of the control and in line with Article 3, paragraph (2) of this Rulebook, the Audit office shall take minutes and send a note to the political party to remove the shortcomings within seven days following the day of note's receipt, in line with Article 13, paragraph (3) of the Law on political party financing.

Article 5

(Informing the BiH Central Election Commission about submitted political parties' financial statements)

Within 15 days from the expiry of deadline for submission of political parties' financial reports, the Audit office shall inform the BiH Central Election Commission about:

- a) political parties that submitted financial statements within prescribed deadline,
- b) political parties that submitted financial statements after the prescribed deadline; and
- c) which political parties on the BiH Central Election Commission's records did not submit financial statement.

CHAPTER III ADMINISTRATIVE PROCEDURES FOR CONTROL OF FINANCIAL STATEMENTS

Article 6

(Control of financial statements)

The Audit office shall conduct a thorough control of the financial statements that the political parties submit in line with the provisions of Article 11, paragraphs (2) and (3) of the Law on political party financing and shall determine whether:

- a) political party's transactions and financial affairs were properly presented,
- b) political party's incomes were reported and properly presented,
- c) political party's expenditures were properly presented,
- d) political party's obligations were properly presented; and
- e) incomes and expenditures presented by organizational parts of the party match the data presented at the party level.

Article 7

(Obtaining additional financial documentation from political party)

Following completion of the control of financial statements in line with Article 6 of this Rulebook, the Audit office shall send a request to political parties for submission of additional financial documentation, which is according to the auditor's assessment necessary to determine credibility of data presented in the political party's financial statement and whether the party acted in line with the BiH Election Law and Law on political party financing.

Article 8

(Obtaining data and evidence from other sources)

- (1) The Audit office may obtain evidence concerning political party financing from other sources (national institutions, public institutions, public companies, other legal entities, banks, etc.)
- (2) The BiH Central Election Commission may in line with its authorization in Article 13, paragraph (1) of the Law on political party financing request from certain persons to provide written responses or it may acquire witness statements in order to determine whether a political party had acted in line with the Law on political party financing and the BiH Election Law.

Article 9
(Preparing a list of parties to be audited)

(1) After the political parties' financial statements, additional financial documentation and evidence obtained from other sources are thoroughly checked the Audit office shall in line with the auditor's assessment determine whether or not an additional control at the parties' premises is necessary in line with Article 14, paragraph (7) of the Law on political party financing. It shall subsequently prepare:

- a) a list of political parties that do not require additional control at the parties' premises, and
- b) a list of political parties that require an audit of financial statements to be conducted at the parties' premises.

(2) After the lists of political parties referred to in paragraph (1) are prepared, the Audit office shall:

- a) prepare a review report for the parties that do not require additional control, and
- b) prepare an audit plan for the parties whose financial statements shall be subject of the audit, and shall inform the BiH Central Election Commission thereof.

CHAPTER IV REVIEW OF FINANCIAL STATEMENTS

Article 10
(Preliminary review report)

(1) After the review and consideration of the conclusions made based on collected evidence, the auditor shall within seven days from completion of the review prepare a preliminary review report for the political parties for which he/she finds additional evidence has to be collected in the parties' premises so the auditor could give his/her opinion on whether the party had acted in line with the Law on political party financing and the Election Law of Bosnia and Herzegovina.

(2) Preliminary review report shall be delivered to the political party for response together with the auditor's opinion.

Article 11
(Political party's response to the preliminary report)

Within ten days following delivery of the preliminary review report the political party may response to the audit's findings, and in line with Article 13, paragraph (3) of the Law on political party financing it can remove shortcomings in the report, as well as violations of the law that are removable. When responding, a party may submit additional evidence with which it challenges audit's findings presented in the preliminary review report.

Article 12
(Final review report)

(1) After a political party provides its response to the audit's finding presented in the preliminary review report, the auditor shall in line with his/her procedure supplement and correct previous finding if he/she finds party's objections grounded or if the party submitted additional evidence and he/she will issue the final review report with auditor's opinion on whether a party acted in line with the Law on political party financing and Chapter 15 of the Election Law of Bosnia and Herzegovina.

- (2) Before the final review report is issued an auditor may collect evidence from other sources in case a party fails to submit evidence or if the evidence is not sufficient.
- (3) If certain ambiguities about interpretation of specific provisions of the Law on political party financing and the BiH Election Law arise during the control of the political parties financial statements, the Audit office shall seek to obtain an official stance from the BiH Central Election Commission.
- (4) In case a political party fails to provide its response to the finding of the audit, the preliminary review report shall become final report on review of financial statements.
- (5) In line with Article 14, paragraph (3) of the Law on political party financing an audit shall officially verify audit's findings.
- (6) The Audit office shall deliver final review reports to the BiH Central Election Commission for scrutiny, together with the overview of irregularities detected in financing and reporting of a political party.
- (7) The final review report on political parties' financial statements shall be delivered to the political party, together with auditor's confirmation.

CHAPTER V AUDIT OF FINANCIAL REPORTS

Article 13 (Audit plan)

- (1) The Audit office shall prepare a plan for a field audit based on the list of political parties referred to in Article 9, paragraph (2) of this Rulebook that require an audit of financial statements to be conducted in the parties premises. The plan shall contain: name of employees who will conduct audit, the place of audit and time framework of the audit.
- (2) The Audit office shall submit the field audit plan to the BiH Central Election Commission for approval.

Article 14 (Notice of intended audit)

The Audit office shall inform a political party about its intention to conduct a field audit i.e. an audit in the premises of the party by sending an announcement note. The note shall read organizational parts of the party whose statements will be subject of the audit, the date of audit, the time necessary to conduct the audit in the political party's premises and names of the auditors who will conduct the audit.

Article 15 (Auditing standards)

The audit shall be conducted in line with International auditing standards.

Article 16 (Preliminary audit report)

(1) The auditor shall prepare and issue a preliminary audit report after audit evidence was collected in line with Articles 6, 7 and 8 of this Rulebook and after the audit evidence was collected in the field.

(2) The preliminary audit report with auditor's findings shall be deliver to the political party for declaration.

Article 17

(Political party's response to the preliminary audit report)

(1) Within ten days following delivery of the preliminary audit report the political party may response to the audit's findings, and in line with Article 13, paragraph (3) of the Law on political party financing it can remove shortcomings in the report, as well as violations of the law that are removable.

(2) When responding to the preliminary audit report a political party may submit additional evidence that was not available at the time of audit or by which it challenges audit's findings presented in the preliminary audit report.

Article 18

(Final audit report)

(1) After a political party provides its response to the audit's finding presented in the preliminary audit report, the auditor shall, in line with his/her procedure, supplement and correct previous finding if he/she finds party's objections grounded or if the party submitted additional evidence and he/she will issue the final audit report with auditor's opinion on whether a party acted in line with the Law on political party financing and Chapter 15 of the Election Law of Bosnia and Herzegovina.

(2) Before the final audit report is issued an auditor may collect evidence from other sources in case a party fails to submit evidence or if the evidence is not sufficient.

(3) If certain ambiguities about interpretation of specific provisions of the Law on political party financing and the BiH Election Law arise during the audit of the political parties' financial statements, the Audit office shall seek to obtain an official stance from the BiH Central Election Commission.

(5) In line with Article 14, paragraph (3) of the Law on political party financing an audit shall officially verify audit's findings.

(6) The Audit office shall deliver final audit reports to the BiH Central Election Commission for scrutiny, together with the overview of irregularities detected in financing and reporting of a political party.

(7) The final audit report on political parties' financial statements shall be delivered to the political party, together with auditor's confirmation.

CHAPTER V THE ROLE OF THE BIH CENRAL ELECTION COMMISSION

Article 19

(Informing the BiH Central Election Commission about audit's findings)

(1) The Audit office shall in line with Article 15, paragraph (1) of the Law on political party financing submit to the BiH Central Election Commission a report on all irregularities observed during the review, control and audit of financial statements.

(2) The Audit office shall inform the BiH Central Election Commission if a political party had denied the auditors of the Audit office to access the premises in order to conduct the audit of financial statements in line with Article 14, paragraph (7) of the Law on political party financing.

CHAPTER VI. DISCLOSURE OF REVIEW AND AUDIT REPORTS

Article 20 (Disclosure of the reports)

(1) After the BiH Central Election Commission delivers the final review report i.e. the audit report together with the auditor's official confirmation of the audit's findings to the political party, the report shall be made public on the website of the BiH Central Election Commission.

(2) In line with Article 14, paragraph (4) of the Law on political party financing the final audit report and the confirmation of audit's findings shall be published in the "Official Gazette of BiH".

CHAPTER VII FINAL PROVISIONS

Article 30 (Ineffectiveness)

Effectiveness of the Rulebook on administrative procedures of review and control of political parties' financial statements number 01-07-1267/05 from May 5, 2005 and the Rulebook on determining the criteria for selection of political parties whose financial report will be subject of review and control number 01-07-1268/05 from May 5, 2005 shall terminate by entry into force of this Rulebook.

Article 31 (Entry into force and publishing in official gazettes)

This Rulebook shall enter into force on day of its enactment, and shall be published in "Official Gazette of BiH", "Official Gazette of FBiH", "Official Gazette of RS" and "Official Gazette of BiH District of Brčko".

Number: 01-07-6- 3561/08
Sarajevo, November 13, 2008

President
Dr. Suad Arnautović