### PROCLAMATION NO. 669/2010.

**A PROCLAMATION TO AMEND THE OFFICE OF THE FEDERAL AUDITOR GENERAL ESTABLISHMENT PROCLAMATION**

**WHEREAS,** strengthening the audit system in the country plays an important role in providing reliable data useful for the effective management and administration of the national economy;

**WHEREAS,** it is necessary to ascertain that the financial management of the federal government offices and organizations in various developmental and administrative activities follow proper accounting procedures, that the manner of revenue collection, fund disbursement and property management is in accordance with government rules and regulations, and that their plan and program are carried out and regulated with a view to attaining their objectives;

**WHEREAS,** audit is an effective instrument in reflecting the new democratic system by ensuring proper accountability in the various federal government offices and organizations within the state structure;

**WHEREAS,** it is necessary that the government of the Federal Democratic Republic of Ethiopia economic policy be supported by a modern and reliable audit system in order to ascertain proper implementation through effective monitoring of administrative, developmental and service rendering institutions in the federal public sector;
WHEREAS, in order to realize the objectives of the aforementioned it has been shown in the recently undertaken Business Processing Re-engineering activity that it is necessary to further strengthening and improving the professional independency and competency of the Auditor General and the Office of the Federal Auditor General;

NOW, THEREFORE, in accordance with Article 55 sub article (1) of the Constitution of the Federal Democratic Republic of Ethiopia it is hereby proclaimed as follows:

PART ONE
GENERAL

1. Short Title

This Proclamation may be cited as the “Office of the Federal Auditor General Establishment/Amendment/Proclamation No. 669/2010.”

2. Definition

In this Proclamation, unless the context otherwise requires:

1/ “House” means the House of Peoples’ Representatives of the Federal Democratic Republic of Ethiopia;

2/ “Federal Auditor General” means a person appointed as Auditor General of the Federal Democratic Republic of Ethiopia in accordance with sub article (1) of Article 101 of the Constitution of the Federal Democratic Republic of Ethiopia and Article 6 of this Proclamation;

3/ “the office” means the Office of the Federal Auditor General;

4/ “Federal Government Office” means Ministry, Commission, Agencies, Authority, Institutions, or any other federal government office;

5/ “Organization” means any production, distribution, service rendering, regulatory or any other trading organization wholly or partially owned by the federal government;
3. Re-establishment

1/ The Office of the Federal Auditor General of the Federal Democratic Republic of Ethiopia (hereinafter referred as “the Office”) is hereby re-established as an autonomous body of the federal government in accordance with sub-article /4/ of Article 101 of the Constitution of the Federal Democratic Republic of Ethiopia.

2/ The Head Office of the Office of the Federal Auditor General shall be in Addis Ababa and may have branch offices elsewhere as may be necessary.

4. Objectives of the Office

The Office shall have the following objectives:

1/ strengthen the audit system required for a reliable information necessary for the proper management and administration of the plans and budget of the federal government;

2/ ascertain that all money and property of the federal government are collected, preserved and used properly, in accordance with the laws and regulations of the federal government and report the same to the House:

3/ undertake a financial, performance, environmental protection, control audit, special audit and other audits of the offices and organizations of the federal government;

4/ make efforts, in cooperation with concerned organs, to develop and strengthen accounting and audit profession;

5/ give professional assistance and advice to Regional and Federal Civil servants and organizations engaged in accounting and audit professions;
PART TWO

POWERS AND DUTIES OF THE OFFICE OF THE FEDERAL AUDITOR GENERAL

5. Powers and Duties of the Office of the Federal Auditor General

The Office of the Federal Auditor General shall have all the powers necessary for the performance of its functions granted by law. Without limiting to this generality, the Office of the Federal Auditor General shall:

1/ audit or cause to be audited the accounts of the federal government offices and organizations;

2/ audit or cause to be audited accounts involving budgetary subsidies and any special grants extended by the federal government to regional states;

3/ audit the accounts of private contractors relating to the federal government contractual work which involves a sum exceeding 1,000,000 Birr (One Million Birr);

4/ audit or cause to be audited, as may be necessary, performance audit in order to ensure that the performance of federal government offices and organizations is in accordance with the law, economically sound and has attained the desired objectives;

5/ audit or cause to be audited accounts of private or public organizations with a view to protect government and public interest;

6/ audit or cause to be audited donations or grants made to federal government offices and organizations;
7/ notify its auditing findings, carried out in accordance with sub-article (1), (2), (3), (4), (5) and (6) of this Article, to the head of the audited office or organization as the case maybe. Where the findings of the auditing result indicates that a crime has been committed, the Federal Auditor General shall immediately notify the same to the concerned body;

8/ issue directives, in consultation with the concerned offices and organizations, regarding accounts and property auditing procedures and standards;

9/ certify internal auditors of any federal government office and organization before appointment after ascertaining that the auditor has the required professional competency;

10/ where it finds necessary, require internal auditors of any federal government offices to audit the accounts and property of their offices and report the finding;

11/ train, as might be necessary, internal auditors in cooperation with concerned organs;

12/ where it has reason to believe that any account has been kept in a presence of criminal condition and dishonest manner, impound such books, documents, ledgers, vouchers and other materials related to such account;

13/ give the necessary advice on the financial control, maintenance of accounts and property administration regulations to be prepared by the Ministry of Finance and Economic Development;

14/ make efforts and take necessary measures, in cooperation with other concerned federal and regional offices, to ensure that the development of the accounting and auditing profession is in the right direction;
05/ maintain close contact and cooperation with the audit and control offices of regional states with a view to enhance the development of auditing;

06/ issue, renew, suspend and cancel certificates of competence of auditors and accountants who provide auditing and accounting services to:

07/ private and non-governmental organizations.

08/ when the Office of the Federal Auditor General causes the auditing pursuant to sub-articles (1), (2), (4), (5) and (6) of this Article, it shall only cause the auditing of project and program accounts, however, provided that it shall have the responsibility to supervise and ascertain that the auditing is consistent with the standard.
PART THREE

APPOINTMENT AND ACCOUNTABILITY OF THE FEDERAL AUDITOR GENERAL

6. Appointment and Accountability of the Federal Auditor General

1/ The Federal Auditor General who heads the Office of the Federal Auditor General shall be appointed by the House of Peoples’ Representatives upon recommendation by the Prime Minister.

2/ The Federal Auditor General shall be accountable to the House of Peoples’ Representatives and, between sessions shall be accountable to the President of the Federal Republic.

7. Appointment of the Federal Deputy Auditors General

There shall be two Federal Deputy Auditors General who assist the Federal Auditor General and who shall be appointed by the House of Peoples’ Representatives up on the recommendation of the Prime Minister; accordingly the one shall serve as Audit Operation Branch Deputy Auditor General, and the other shall serve as Support Operation Branch Deputy Auditor General.

8. Criteria for Appointment

The following shall be the criteria for appointment:

1/ shall be an Ethiopian citizen;

2/ committed to abide by the Constitution of the Federal Democratic Republic of Ethiopia;

3/ qualified in auditing or related field with extensive experience in and knowledge of public auditing and finance;

4/ a person of proven integrity, hardworking and good ethical behavior;

5/ no previous court ruling for criminal proceedings;

6/ be in good health condition to carry out his duties;

7/ be neutral from any political party.
9. **Salary and Pension Benefits**

1/ The salary, allowances and other benefits of the Auditors General and the Deputy Auditors General shall be determined in accordance with the Proclamation issued to provide for the benefits of government officials.

2/ Appointees shall be allowed to choose provident fund scheme if they are not previously covered by public pension.

3/ Upon vacating their offices at the end of their term appointees shall be given the opportunity to work in government offices and organizations provided that they have not attained pension age.

10. **Tenure of Service**

1/ The term of office of the Federal Auditor General and his Deputies shall be six years.

2/ When the term of office referred under sub-article (1) of this Article ends, the Federal Auditor General and his Deputies may be appointed for another one six years term, however, provided that, the Federal Auditor General and his Deputies shall not be allowed to serve for more than two terms.

11. **Removal of the Federal Auditor General and his Deputies**

The Federal Auditor General and the Deputies may be removed from office under the following conditions:

1/ inability to perform their duties due to apparent health condition;

2/ incompetence;

3/ lack of commitment to discharge their responsibilities and for reasons of unethical practice;

4/ involvement in corruption or committing other unlawful act;

5/ attained pension age;
PART FOUR
POWERS AND DUTIES OF THE FEDERAL AUDITOR GENERAL AND DEPUTY AUDITORS GENERAL

13. Powers and Duties of the Federal Auditor General

The Federal Auditor General shall be the head of the Office of the Federal Auditor General and shall in addition to implementing the powers and duties of the Office of the Federal Auditor General provided for under Article 5 of this Proclamation, have the following powers and duties:

1/ submit a consolidated annual audit report performed under sub-articles (1), (2), (3), (4), (5) and (6) of Article 5 of this Proclamation and on the activities of the Office of the Federal Auditor General to the House of Peoples’ Representatives and when the House is not in sessions, to the President of the Federal Republic;
2/ review the annual report which the Ministry of Finance and Economic Development submits to it concerning the federal government receipts and expenditures, assets and liabilities as well as the financial statistical data within four months of receipt, and submit his comments thereon to the Ministry; include the same in his annual report to be submitted to the House of Peoples’ Representatives;

3/ include the objections and comments raised by the organs notified in accordance with sub-article (7) of Article 5 of this Proclamation where it appears to him unsatisfactory in the report referred in sub-article (1) of this Article;

4/ organize the office so as to enable him properly discharge his duties;

5/ prepare and submit the budget of the office to the House of Peoples’ Representatives and implement the same upon approval;

6/ prepare the structure and salary scale of the office and, up on approval by the House of Peoples’ Representatives, employ and administer the personnel necessary for the office and shall implement the salary and other benefits;

7/ where it is found necessary, delegate with the necessary instruction, and supervision, private auditors or other professionals to carry out audits;

8/ implement cost effective government audit practices and carry out transitional audits that includes more than one regional state and offices in cooperation with the concerned organs.

14. **Powers and Duties of the Deputy Auditors General**

1/ **Powers and duties of Audit Operation Branch Deputy Auditor General:**

   a) shall assist the Federal Auditor General by planning, organizing, leading, coordinating and supervising audit activities of the office;
b) shall carry out duties of the Auditor General in his absence except signing of the audit report on the consolidated account of the government, annual performance report and special report of the office to be presented for the House;

c) shall carry out other duties assigned by the Federal Auditor General.

2/ Powers and duties of Support Operation Branch Deputy Auditor General:

a) shall assist the Federal Auditor General by planning, organizing, leading, coordinating and supervising Support Operation Branch of the office;

b) shall carry out the duties of the Federal Auditor General and Audit Branch Deputy Auditor General in their absence except signing the audit report of consolidated account, annual performance report of the office and special reports to be presented for the House;

c) shall carry out other duties assigned by the Federal Auditor General.

PART FIVE
MISCELLANEOUS PROVISIONS

15. Budget and Auditing

1/ A proportionate quarterly appropriations of the operational budget of the approved budget of the Office of the Federal Auditor General shall be deposited in advance in the bank account opened in the name of the Office of the Federal Auditor General.

2/ The accounts of the Office of the Federal Auditor General shall be audited by a body to be designated by the House of Peoples’ Representatives or by the President of the Federal Republic, where the House is not in session, as the case may be.
06. **Audit Procedure and Period of Limitation**

1/ The Federal Auditor General may audit accounts in full or by a system of spot-checking whenever he deems it appropriate in a given case provided, however, that any report which he submits, in accordance with sub-articles (1) and (2) of Article 13 of this Proclamation concerning the results of audits of the accounts, shall contain a statement describing the nature and extent of the audit performed with respect to each account.

2/ The Federal Auditor General shall not perform audits covering beyond a period of two fiscal years prior to the fiscal year upon which the audit is to be performed unless he believes that a crime has been committed.

3/ The Federal Auditor General shall carry out audits based on international standard on auditing (ISA).

17. **Duties of Persons to be Audited**

1/ Any individual, employees or an official, upon request by the Federal Auditor General, Auditors of the Office of the Federal Auditor General or representatives of the Federal Auditor General, shall, forthwith, make available correct and complete books, documents, ledgers, vouchers and all other documentary or oral evidence which the Auditors deemed it useful and necessary for auditing.

2/ Any person who has had in his custody or has paid or has expended or is in charge of the accounts of the money and property of the organs auditable by the Office of the Federal Auditor General pursuant to the provisions of this Proclamation, shall, upon request, have the obligation to have his accounts audited.

3/ Auditable entities are obliged to take corrective measures, within 15 days from the date of delivery, on recommendations and comments included in the audit reports sent to them by the Federal Auditor General; if they are unable to take such measures, shall inform the same and the reasons thereof to the Federal Auditor General within the period specified herein.
4/ The head of any audited office, whose weaknesses were commented in the report of the Federal Auditor General submitted to the House of peoples’ Representatives, shall have the duty to take appropriate remedial measures and inform the same to the House and the Federal Auditor General.

5/ All auditable entities shall prepare and provide appropriate office for the staff appointed by the Federal Auditor General in order to discharge its duties and responsibilities.

18. **Duty to Co-operate**

All offices and persons shall co-operate in providing necessary support to enable the office to exercise its power and responsibility.

19. **Code of Conduct and Protection of Audit Professionals**

1/ All auditors of the office shall discharge their duties, adhering to professional code of conduct issued by the Federal Auditor General.

2/ The Auditor General, Deputy Auditors General and other auditors of the office shall not be liable for the audit activities they have conducted compatible with the national laws and the professional etiquette.

3/ All report of the Auditor General published in the interest of the House shall be treated as report of the House. No civil or criminal proceedings shall be instituted on the basis of this reports against the Auditor General.

20. **Duty to Notify**

1/ The Federal Auditor General shall notify to the House of Peoples’ Representatives, the Federal Ethics and Anti-Corruption Commission as well as to the Ministry of Justice and the head of the audited office or organization concerned where, in the course of his auditing, he has reasons to believe that an offence has been committed.
The Office of the Federal Auditor General shall immediately be notified in the following situation:

(a) when regulations or directives issued or implemented in relation to government budget, accounting, receipt and payment systems by organs of the federal government;

(b) when federal government related agreements are established, modified or terminated; and

(c) upon the signature of agreements related to federal budget administration between the federal government and organs outside the federal government or between the federal government and the regional states.

(2) when the organs of the federal government intend to implement organizational or other measures that could fundamentally alter the financial management system.

21. Offences and Penalty

(a) Any person who:

(i) fails to produce or make available books, documents, ledgers, vouchers or any other documentary or oral evidence which the Federal Auditor General directly or through his employees or his representatives requires for auditing; or

(ii) gives to the Federal Auditor General, the auditors of the office or its representatives any information which he knows to be false or which he has no reason to believe to be true; or

(iii) obstructs the proper carrying out of the functions of the Federal Auditor General; or

(iv) when federal government related agreements are established, modified or terminated, obstructs the proper carrying out of the functions of the Federal Auditor General.

(b) Any person who:

(i) in the performance of the duties of the Federal Auditor General, receives or benefits from any kind of remuneration or other advantage that is in any way prejudicial to the public interest; or

(ii) engages in any act of maladministration or any act of fraud that directly or indirectly results in the loss of public funds, or

(iii) engages in any act of maladministration or any act of fraud that directly or indirectly results in the misappropriation of public funds.

d) fails to take measures, within the proper
time, on recommendations and comments
included in the audit report of the Federal
Auditor General; or fails to comply with
the provisions of this Proclamation when
he is required to do so;
is punishable with imprisonment from five
years to seven years or with a fine of Birr 10,000 (ten
thousand Birr) or with both.

2/ Any Auditor who:

a) in consideration for the performance
or for the omission of an act in
violation of the duties proper to his
office solicits, exacts a promise of or
receives a gift, money or any other
advantage; or

b) accepts any auditable document as
genuine where he knows that it is
not or unduly rejects any valuable
document submitted to him by the
one to be audited; or

c) defrauds or cooperates with others by
creating conducive conditions so that
they can defraud or conspires in
defrauding money of the federal
government; or

d) with intent to obtain or procure
undue advantage for himself or to a
third person or to cause harm on any
other person, causes to disappear or
falsify or cause to be falsified or
forges any books, documents,
ledgers, vouchers or any other
evidence submitted to him by the
one to be audited;

is punishable with imprisonment from five
years to ten years and with fine from
10,000 Birr to 15,000 Birr.

22. Power to issue directives

1/ The House of Peoples’ Representatives
may issue regulations necessary for the
implementation of this Proclamation.
2/ The Office of the Federal Auditor General may issue directives necessary for the implementation of this Proclamation.

23. **Repealed and Inapplicable Laws**

1/ The Proclamation to Establish the Office of the Federal Auditor General Proclamation No. 68/1997 is hereby repealed.

2/ No laws or customary practice which are inconsistent with this Proclamation shall have effect with respect to matters provided for in this Proclamation.

24. **Effective Date**

This Proclamation shall enter into force up on the date of publication in the Federal Negarit Gazeta.

Done at Addis Ababa, this 11th day of May, 2010

GIRMA WOLDEGIORGIS

PRESIDENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA