



**RULEBOOK**  
**on Administrative Procedures of Review, Control and Audit of Financial Statements**  
**of Political Parties**

**(Unofficial consolidated text)**

Pursuant to Article 15.2, paragraph (1) of the Election Law of Bosnia and Herzegovina (Official Gazette of BiH, nos. 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, 37/08, 32/10, 18/13, 7/14, 31/16 and 41/20), and in relation to Article 12, paragraph (6) of the Law on political party financing (Official Gazette of BiH, nos. 95/12 and 41/16), the Cantal Election Commission has at its 1<sup>st</sup> session held on January 13, 2022, passed

## **Rulebook on Administrative Procedures of Review, Control and Audit of Financial Statements of Political Parties**

**(Unofficial consolidated text)<sup>1</sup>**

### **CHAPTER I. INTRODUCTION**

#### **Article 1 (Application)**

The Rulebook shall set forth procedures according to which the Service for the audit of financial operations (hereinafter: the Audit Service) 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 12, paragraphs (3) and (4)** of the Law on political party financing.

### **CHAPTER II. RECEIPT OF FINANCIAL STATEMENTS**

#### **Article 3 (Receipt of financial statements)**

(1) The Audit Service 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-election and post-election financial statements of political parties (~~“Official Gazette of BiH”, number 61/06~~).

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

- a) **if the financial statements are submitted in electronic form through the FI CEC BiH application, if the political party submitted a hard copy of the confirmation on submission of the financial statement and printed forms of the financial statement in a PDF format, certified by the authorized person's signature and political party's stamp**

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<sup>1</sup> The unofficial consolidated text contains the Rulebook on Administrative Procedures of Review, Control and Audit of Financial Statements of Political Parties (Official Gazette of BiH, No. 103/08) and the Rulebook on Amendments to the Rulebook on Administrative Procedures of Review, Control and Audit of Financial Statements of Political Parties No. 03-02-2-68-1/22 of January 13, 2022 - **marked in bold**.

This unofficial consolidated text is for internal use only and may not be referred to during official use.

- 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 deficiencies in the financial statement)**

Following completion of the control and in line with Article 3, paragraph (2) of this Rulebook, the Audit Service shall compose minutes and sent a note to the political party, instructing it to remove the deficiencies seven days following the day of note's receipt, at latest, **in line with Article 14, 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 statements, the Audit Service 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 failed to submit financial statement.

## **IIa FINANCIAL CONTROL AND AUDIT OF POLITICAL PARTIES' FINANCIAL REPORTS**

#### **Article 5a**

##### **(Auditing standards and principles)**

- (1) The review and audit of the financial statements of political parties shall be performed in accordance with International Standards on Auditing and the Code of Professional Ethics of Auditors.**
- (2) The review and audit of the financial statements of political parties shall be performed in line with the principles of:**
  - a) Independence and objectivity**
  - b) Professional competence and due care, and**
  - c) Integrity and confidentiality.**
- (3) The Audit Service reviews, controls and audits the financial statements of political parties whose total revenues presented in the annual financial statements are less than 10.000 KM (in words: ten thousand convertible marks) at least once every four years, in accordance with its plan, subject of the BiH Central Election Commission's approval.**

## CHAPTER III ADMINISTRATIVE PROCEDURES FOR CONTROL OF FINANCIAL STATEMENTS

### Article 6 (Control of financial statements)

The Audit Service shall conduct a thorough control of the financial statements that the political parties submit **in line with the provisions of Article 12, paragraphs (3) and (4) of the Law on political party financing** and shall determine if:

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

### Article 7 (Obtaining additional financial documentation from the political party)

Following completion of the control of financial statements in line with Article 6 of this Rulebook, the Audit Service shall send a request to political parties for submission of additional financial documentation, which according to the auditor's assessment is necessary to determine credibility of data presented in the political party's financial statement and if 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 Service 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 **competences referred to in in Article 14, paragraph (1) of the Law on political party financing** request from certain persons to provide written responses or it may acquire witnesses' statements as to determine if 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 Service 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 10, paragraph (8) 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 Service 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 the collected audit 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 in order for the auditor to provide an 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)**

The political party may response to the audit's findings within ten days following delivery of the preliminary review report, and in line with **Article 14, paragraph (3) of the Law on political party financing** it can remove deficiencies in the statement, as well as violations of the law that are remediable. 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 shall 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 Service shall seek to obtain an official stance of 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 10, paragraph (3) of the Law on political party financing** an audit shall officially verify audit's findings.

(6) The Audit Service shall deliver final reports on review of political parties' financial statements to the BiH Central Election Commission for scrutiny, together with the overview of irregularities detected in financing and reporting of political parties.

(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 Service 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 Service shall submit the field audit plan to the BiH Central Election Commission for approval.

### **Article 14 (Notifying the parties of the intent to conduct an audit)**

The Audit Service 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 contain information on the 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 comments.

### **Article 17 (Political party's comments 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 14, paragraph (3) of the Law on political party financing** it can eliminate deficiencies in the financial statement, as well as violations of the law that are remediable.

(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 Service shall seek to obtain an official stance of the BiH Central Election Commission.

(5) **In line with Article 10, paragraph (3) of the Law on political party financing** an audit shall officially verify audit's findings.

(6) The Audit Service shall deliver final reports on review of political parties' financial statements to the BiH Central Election Commission for scrutiny, together with the overview of irregularities detected in financing and reporting of political parties.

(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 CENTRAL ELECTION COMMISSION**

**Article 19**  
**(Informing the BiH Central Election Commission about audit's findings)**

(1) The Audit Service 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 Service shall inform the BiH Central Election Commission if a political party had denied the auditors of the Audit Service to access the premises for auditing financial statements **in line with Article 10, paragraph (8) of the Law on political party financing.**

**CHAPTER VI. DISCLOSURE OF REPORTS ON REVIEW AND AUDIT OF POLITICAL PARTIES' FINANCIAL STATEMENTS**

**Article 20**  
**(Disclosure of the reports)**

(1) After the BiH Central Election Commission delivers the final review report i.e. the report on audit of political party's financial statements ~~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 13, paragraph (5) of the Law on political party financing the audit opinions shall be published in the Official Gazette of BiH.**

## **CHAPTER VII FINAL PROVISIONS**

### **Article 21 (Regulations covered by this Rulebook)**

This Rulebook includes the Rulebook on administrative procedures of review, control and audit of financial statements of political parties (Official Gazette of BiH, no. 103/02) and the Rulebook amending the Rulebook on administrative procedures of review, control and audit of financial statements of political parties, number 03-02-2-68-1/22 of January 13, 2022.

### **Article 22 (Publication)**

This Rulebook shall be published on the website of the BiH Central Election Commission.

Number: 03-02-2-68-2/22  
Sarajevo, January 13, 2022

President  
Željko Bakalar