

# COALITION PROVISIONAL AUTHORITY ORDER NUMBER 77

## BOARD OF SUPREME AUDIT

*Pursuant* to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolutions 1483 and 1511 (2003),

*Noting* that the Board of Supreme Audit Law, No. 6 of 1990, (the “Board of Supreme Audit Law” or the “Law”) names the Board of Supreme Audit as the supreme audit institution of Iraq,

*Understanding* that an effective supreme audit institution is needed to (1) provide the public and government with objective, accurate information about government operations and financial conditions, and (2) promote economy and efficiency by carrying out a broad range of financial and performance audits and program evaluations,

*Understanding* that an effective supreme audit institution can serve as a public guardian by identifying fraud, waste, and abuse, and by promoting anti-corruption and integrity in government,

*Determined* to ensure the independence and effectiveness of the Board of Supreme Audit of Iraq, while preserving the Board’s basic structure,

*Having* consulted with the Iraqi Governing Council and the Board of Supreme Audit, I hereby promulgate the following:

### **Section 1 Purpose**

This Order reestablishes the Board of Supreme Audit as an independent public institution empowered to enhance the economy, efficiency, effectiveness and credibility of the Iraqi government. It provides that the Board shall work in conjunction with the Commission on Public Integrity and Inspectors General of individual ministries to ensure that the Iraqi government remains honest, transparent and accountable to the people of Iraq.

### **Section 2 Board of Supreme Audit**

The Board of Supreme Audit Law shall remain in effect except to the extent amended by this Order:

- 1) All powers and authorities granted by the Board of Supreme Audit Law to the now-dissolved Office of the President, Revolutionary Command Council and its Council Chairman are hereby revoked.
- 2) Article 1 of the Board of Supreme Audit Law is amended to read as follows:

“First: The Board of Supreme Audit is hereby established as a separate and independent government institution with juridical personality empowered to enhance the economy, efficiency, effectiveness, and credibility of the Iraqi government. The Board shall work in conjunction with the Commission on Public Integrity and the Inspectors General of individual ministries to ensure that the Iraqi government remains honest, transparent and accountable to the people of Iraq.

Second: The head of the Board shall be the Board President who shall be supported by two Deputy Presidents. The Administrator shall appoint the initial Board President and Deputy Presidents after consultation with the Governing Council. The terms of these appointments shall end after five years, or one year after the adoption of a permanent constitution pursuant to the Transitional Administrative Law, whichever is sooner. The Prime Minister shall appoint successor Board Presidents and Deputy Presidents for terms of five years, from a pool of three nominees for each appointment to be submitted by the Higher Juridical Council. In submitting its nominees, the Higher Juridical Council shall take account of any views expressed by the Board. A Board President or Deputy President shall serve no more than two terms, whether or not successive.

Third: The Board President and Deputy Presidents shall be selected without regard to political affiliation (consistent with applicable de-Baathification policy) and on the basis of integrity, proven leadership, and training and experience in accounting, auditing, financial analysis, management analysis, public administration, or related fields. In addition, the Board President and Deputy Presidents shall possess demonstrated knowledge, skills, abilities and experience in conducting audits and performance evaluations.

Fourth: The Board President is at the level of minister and enjoys all the rights and privileges of a minister, with authority over Board affairs, personnel, establishment, and budget. The Board President is independent and may not serve in the cabinet in any capacity.

Fifth: The Board President and Deputy Presidents can be removed from office only for cause, as determined by the Administrator in consultation with the Iraqi Governing Council. After the Iraqi Interim Government assumes full governance authority in Iraq, the Board President or a Deputy President may be removed from office only by a two-thirds vote in the body vested with national legislative

authority, for incapacity, serious misconduct in or out of office, dereliction of duty, or gross abuse of office.”

3) Article 2 of the Board of Supreme Audit Law, paragraph Fourth, is amended to read as follows: “Promulgate auditing and accounting regulations, based on internationally accepted auditing and accounting standards and best practices, and cooperate with the Commission on Public Integrity to continually improve the rules, practices, and standards applicable to the management, accounting and auditing of public funds in Iraq.”

4) Article 2 of the Board of Supreme Audit Law is amended to add at the end the following paragraphs: “Fifth: Detect through audits and performance evaluations evidence of corruption, fraud, waste, abuse and inefficiency in matters related to the receipt, disbursement, and use of public money.

Sixth: Investigate and report on matters relating to the efficient disbursement and use of public funds as formally requested by the Coalition Provisional Authority, the Iraqi Governing Council or any successor body vested with national legislative authority.

Seventh: Refer all allegations or evidence of corruption, fraud, waste, abuse or inefficiency in the disbursement and use of public funds to the Inspector General of the relevant ministry or, where appropriate, directly to the Commission on Public Integrity.

Eighth: Prescribe regulations and procedures for carrying out its duties as the supreme audit institution of Iraq.”

5) Article 3 of the Board of Supreme Audit Law is amended to read as follows: “First: The Board shall annually prepare and publish a plan (the “Annual Plan”) for fulfilling its mission as the supreme audit institution of Iraq. The Annual Plan shall describe and comment on (a) all anticipated audits and performance evaluations to be undertaken in the coming year; (b) anticipated areas of cooperation with the Commission on Public Integrity and Inspectors General of individual ministries; and (c) any other matter deemed by the Board to be necessary to the achievement of transparent, accountable, and efficient government in Iraq.

Second: The Board shall annually prepare and publish a report (the “Annual Report”) that discusses in detail the audits and performance evaluations undertaken over the previous twelve months. The Annual Report shall include a statement of audits, evaluations, and related work initiated by the Board. It shall also include a statement of audits, evaluations, and related work initiated upon

formal request by the Commission on Public Integrity, the Coalition Provisional Authority, the Iraqi Governing Council, or the body vested with the national legislative authority. The Annual Report shall further assess the overall adequacy and effectiveness of government measures taken to ensure efficiency and transparency in the use and disbursement of public funds in Iraq, and include any legislative or other proposals determined by the Board to be necessary to the fulfillment of its duties as a supreme audit institution.

Third: The Board shall publish and widely disseminate the final results of its work product, including all audits and performance evaluations, plans and reports. At least quarterly, the Board shall publish a list of its recent audit reports and distribute the list as widely as possible, using the Internet if available. All reports shall be made available to the press and any interested person upon written request. This Section does not apply to information classified for national security purposes by authorized agencies.

Fourth: The Board shall establish procedures for preparing and submitting to the body vested with national legislative authority the Annual Plan and the Annual Report within 90 days of the end of each fiscal year.”

- 6) Article 7 of the Board of Supreme Audit Law is amended to add at the end the following paragraphs: “Fourth: When records necessary to conducting a Board audit or performance evaluation are not made available to the Board within a reasonable time, the Board shall make a written request to the Inspector General of the ministry under review. The request shall state the authority for inspecting the records and the reason for the inspection. The relevant ministry has 20 days to make the records available to the Board or describe the basis on which the records are being withheld. If the Board is not satisfied that reasonable ground exist for withholding the records, the Board may refer the matter to the Commission on Public Integrity for further investigation and, if necessary, enforcement of relevant disclosure obligations.

Fifth: The Board shall have the authority to audit classified programs and issue classified reports, so long as the auditors have the proper security clearance and protect the classified information pursuant to all applicable laws and regulations.”

- 7) Article 8 of the Board of Supreme Audit Law is suspended.
- 8) Article 9 of the Board of Supreme Audit Law is amended to read as follows: “The Board shall have authority to perform financial evaluations of public contracts and to ensure that government grants, loans, facilities and privileges are employed for the purposes for which they were offered or loaned.”

9) Article 10 of the Board of Supreme Audit Law is amended to read as follows:  
“First: Upon discovering a financial infringement, or reasonable suspicion of a financial infringement, or other financial irregularity, the Board shall instruct the Inspector General of the relevant ministry to investigate and correct the infringement or irregularity. The Board shall immediately notify the Commission on Public Integrity whenever a matter is referred to an Inspector General pursuant to this Section.

Second: If a disagreement occurs between the Board and a ministry or other government entity, and the Board determines that referral to the ministry or other government entity would be futile, the Board may refer a matter directly to the Commission on Public Integrity for further investigation or enforcement of relevant laws and regulations.”

10) Article 11, paragraph First, subparagraph c, of the Law is amended to read as follows: “d- Violations of the Code for State Employees and Social Sector Discipline or other regulations promulgated by the Commission on Public Integrity.”

11) Article 12 of the Board of Supreme Audit Law is suspended.

12) Article 13 of the Board of Supreme Audit Law is suspended.

13) Article 15 of the Board of Supreme Audit Law is suspended.

14) Article 17 of the Board of Supreme Audit Law is amended to read as follows:  
“When necessary, the Board’s President may and in the manner that he decides, enlist outside experts to assist the Board. Such experts shall be compensated in a manner to be determined by the Board, so long as such compensation is consistent with law and fully disclosed in the Annual Report.

15) Article 19 of the Board of Supreme Audit Law is suspended.

16) Article 22, Second, of the Supreme Board of Audit Law is suspended.

### Section 3 Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator  
Coalition Provisional Authority