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**Legislative Decree No. (49) of 2010 Amending Certain Provisions of the National Audit Office Law promulgated by Legislative Decree No. (16) of 2002**

We, Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain.

Having reviewed the Constitution,

And the National Audit Office Law, promulgated by Legislative Decree No. (16) of 2002,

And upon the submission of the Prime Minister,

And after the approval of the Cabinet,

Hereby Decree the following Law:

Article One

The "National Audit Bureau" referred to in Legislative Decree No. (16) of 2002 shall be renamed as the "National Audit Office".

Article Two

The texts of Articles (1) paragraph two, (2), (4) Clauses (a), (e), and (g), (5) paragraphs (sixth) and (eighth), (6) Clauses (a), (b), and (d), (8) paragraph one, (11), (12), (14), (16), (19) paragraph one, (20) paragraph two, (22), (25) paragraph two, (29), (31), (39) paragraph one, (41), and (45) paragraph two, of the National Audit Office Law promulgated by Legislative Decree No. (16) of 2002, shall be replaced with the following texts:

Article (1) (Paragraph Two):

The Office shall undertake financial oversight of State funds and the funds of the entities specified in Article (4) of this Law, and shall specifically verify the legality and propriety of the use of these funds and their proper management, including administrative aspects by verifying the implementation of laws and administrative decisions and overseeing the performance of the entities subject to oversight, all as stipulated in this Law.

Article (2):

The National Audit Office shall be composed of a Chairman, two Deputies, and a sufficient number of technical staff. One or more Assistant Deputies may be appointed depending on the needs and requirements of the mandate, and a necessary number of administrative staff and assistants shall be attached to the Office.

Article (4) Clauses (a), (e), and (g):

a) The ministries, departments, and public authorities that constitute the administrative apparatus of the state and the attached entities, provided that the Ministry of Interior, the National Guard, the National Security Agency, and other entities whose budgets include secret expenditures related to national security shall be excluded for these expenditures.

Furthermore, any entity that the Constitution or law stipulates must maintain confidentiality in its affairs shall also be excluded from the Office's oversight.

e) Companies in which the State or a public legal entity holds more than 50% of the capital, or which the State guarantees a minimum profit or provides financial assistance to.

g) Any entity entrusted to the Office for oversight, including entities exempted from oversight. Reports on the entities exempted from oversight shall be submitted directly to the King.

Article (5) paragraphs (Sixth) and (Eighth):

(Sixth):

To examine and review the decisions issued concerning employment matters in the entities specified in Article (4) of this Law, specifically those related to appointments, promotions, granting allowances, stipends, additional salaries, settlements, and similar matters, as well as travel allowances and transportation expenses, to ensure the validity of these decisions and their compliance with the laws, regulations, and decisions governing employment matters, as well as the budgetary rules and all financial provisions, laws, regulations, and decisions pertaining to the subject.

(Eighth):

To examine the areas in which public funds are invested, both domestically and abroad, as well as other funds of the entities subject to the Office's oversight, provided that this does not conflict with the laws governing their operations. This includes reviewing the accounts of these investments and assessing the adequacy of the returns generated, as well as providing observations in this regard.

Article (6) Clauses (a), (b), and (d):

a) To review the financial, administrative, and accounting regulations and systems, and the extent of compliance with the application of laws and regulations, and the manner in which financial and administrative operations are conducted, in order to verify their soundness, identify deficiencies and shortcomings, and propose measures for their reform and improvement, to elevate administrative procedures and services to their best levels, and to protect the funds under oversight to the highest standards of safety, efficiency, and accuracy.

b) To study and examine the administrative and accounting systems and internal controls related to computer programmes to verify the efficiency and adequacy of those systems, identify shortcomings and deficiencies, ensure the protection of these systems from breaches, and propose appropriate measures to address these deficiencies.

d) To assess the efficiency of financial and administrative operations in terms of speed, cost, quality, and their performance without complexity or duplication, and to indicate the balance between inputs and outputs of goods and services to achieve efficiency, effectiveness, and savings in resource utilisation, exploring the extent to which financial expenditure aligns with the desired public interest and the economic viability of the expenditure, as well as determining expenditure priorities.

Article (8) Paragraph One:

The Office shall have the right to review and examine, in addition to the documents stipulated in the laws, regulations, and financial and administrative circulars, any documents, records, or other papers that it deems necessary for the fulfilment of its responsibilities comprehensively. It may retain any documents, records, or papers as deemed necessary until the completion of its work.

Article (11):

The Office shall notify the entities subject to its oversight of any financial and administrative violations that have come to its attention and demand that they take the necessary actions to correct the administrative procedures and recover any amounts due thereto or that were improperly disbursed within a specified period. It has the authority to refer the matter to the relevant authority to initiate criminal proceedings if it has substantial evidence of a criminal offence.

Article (12):

All employees in the entities subject to the Office's oversight shall be deemed responsible for their actions related to the documents and funds under scrutiny, in accordance with the provisions established in this Law and its Implementing Regulation. All their actions shall be subject to the Office's oversight; however, regarding Ministers, the Office shall suffice with preparing a report on the incidents or actions attributed to them, which the Chairman of the Office shall submit to the King, as well as to both the Cabinet and the Council of Representatives.

Article (14):

The following shall be considered administrative violations in the application of the provisions of this Law:

a) Failing to respond to the Office's observations or correspondence, or delaying a response without an acceptable excuse. It shall be deemed equivalent to non-response if the employee provides an answer intended to delay or procrastinate.

b) Failing to notify the entities subject to the Office's oversight of any financial or administrative violations discovered within seven days from the date of their discovery.

c) Any act, negligence, or concealment of information that impedes the Office from fully exercising its responsibilities.

d) Providing the Office with incorrect data, documents, or papers.

e) Failing to comply with the laws, regulations, and decisions in all matters related to employment and employees that ensure justice, equality, and equal opportunities.

Article (16):

If any of the entities subject to the Office's oversight discovers a financial or administrative violation as stipulated in this Law, it shall provide the Office with a report regarding the violation, accompanied by copies of the supporting documents, within a maximum period of seven days from the date of its discovery.

Article (19) Paragraph One:

The Chairman of the Office shall prepare an annual report on both the State’s final accounts and the final accounts of the entities under its oversight, as well as on the results of performance oversight and administrative oversight, outlining observations and any discrepancies that arise between the Office and the entities under its oversight.

Article (20) Paragraph Two:

The Chairman of the Office, one of the Deputy Chairmen, or one of the Assistant Deputies may attend the sessions of the General Assembly discussing the reports of the company’s auditors and its Boards of Directors. They may speak and express their views on the matters under discussion, request clarifications, and direct inquiries, without having a counted vote during the voting process.

Article (22):

The Office shall compile the results of its auditing and inspection in the form of observations, which shall be communicated to the relevant authorities through the Ministers to whom those entities are subordinate. These entities shall provide the Office with their responses to those observations, comply with the Office's requests, and take the necessary actions to correct erroneous administrative procedures and recover lost amounts or those disbursed without right or that were due but neglected in their collection, within one month from the date of being notified thereof.

Article (25) Paragraph Two:

In the event of the Chairman's absence, one of the Deputy Chairmen shall assume their responsibilities. The Chairman of the Office may delegate one of the Deputy Chairmen or any of the Assistant Deputies to perform some of the powers specified in this Law.

Article (29):

The appointment of the Deputy Chairmen and Assistant Deputies of the Office shall be by Royal Order based on the nomination of the Chairman of the Office.

They shall be subject to the salary, retirement pension, allowances, and financial benefits as stipulated in the salary schedule for the Office's employees.

The provisions regarding disciplinary accountability set forth in this Law and the Implementing Regulation shall apply thereto.

Appointment to other technical positions and various roles shall be by a decision issued by the Chairman of the Office.

In this Law, a technical employee is defined as anyone occupying one of the technical positions in the Office's salary schedule, provided they hold a Bachelor's degree or higher qualification in accounting, law, or finance from a university recognised by the competent authority in the Kingdom of Bahrain.

Article (31):

The Chairman of the Office, the Deputy Chairmen, the Assistant Deputies, or any of the Office's employees shall not, while holding their office, assume any other public position. They shall not, directly or indirectly, engage in any professional or commercial activity, nor shall they purchase any property from State funds, even through public auction, or lease, sell, or barter any of their own assets. They shall not participate in any obligations contracted by the State, public institutions, or agencies, nor may they combine their office with membership on the Board of Directors of any public institution, agency, or company.

Article (39) Paragraph One:

A Human Resources Committee shall be established within the Office, chaired by one of the Deputy Chairmen and comprising four senior technical employees selected by the Chairman of the Office by his decision. This decision shall specify who shall undertake the duties of the committee's secretariat.

Article (41):

The Office shall have an independent budget, which shall be listed as a single item under a specific section in the State budget.

The Chairman of the Office shall prepare the detailed budget proposal with the approval of the King and shall send it to the Minister of Finance within the legal timeframe.

The Minister of Finance shall incorporate the proposal as received under a specific section of the State budget.

Article (45) Paragraph Two:

The entities subject to the Office's oversight shall provide it with the necessary documents and papers to perform its duties. They shall also supply their budgets, final accounts, any adjustments or additional settlements made, the results of the annual inventory of their stores, performance reports, and any other accounts specified by the Implementing Regulation, all within the legally stipulated deadlines.

Article Three

New paragraphs shall be added to the texts of Articles (5), (9), (17), and (37) of the National Audit Office Law promulgated by Legislative Decree No. (16) of 2002, with the following texts:

Article (5) Paragraph (Fourteenth):

To verify the legality and propriety of the use of funds of the entities subject to oversight and their proper management, including administrative aspects, particularly the following:

a) To verify the implementation of plans and programmes by the entities subject to oversight.

b) To assess the soundness and appropriateness of the administrative procedures in place within the entities subject to oversight, uncovering any causes of performance deficiencies, if present, and proposing suitable alternative methods.

c) To review the methods of implementing administrative regulations and systems to ensure compliance with the provisions of the Constitution and applicable laws.

d) To verify the optimal utilisation of State facilities and available resources.

Article (9) Final Paragraph:

The Office shall have the right to directly contact the heads of accounts and their directors in the entities subject to the Office's oversight, after notifying the relevant authority in those entities. It shall also have the right to correspond with them and conduct inspections.

Article (17) Paragraph Two:

The relevant authority shall follow the procedures stipulated in the Civil Service Law and its Implementing Regulation in investigations and disciplinary actions.

The provisions of this Article shall apply to financial and administrative violations that the Office has previously uncovered and notified the entity subject to oversight about.

Article (37) Final Paragraph:

The decisions of the Disciplinary Council, whether in absentia or in person, shall be considered final. The Chairman of the Office and the concerned parties may appeal these decisions before the Supreme Court of Appeal within fifteen days from the date of being informed of them. Such an appeal shall not result in the suspension of the contested disciplinary decision unless ordered by the competent court considering the appeal.

Article Four

The phrase "Civil Service Law and its Implementing Regulation" shall be replaced with "Civil Service Regulations," the phrase "Ministry of Finance" shall be replaced with "Ministry of Finance and National Economy," the phrase "Minister of Finance" shall be replaced with "Minister of Finance and National Economy," and the phrase "Deputies of the Office" shall be replaced with "Deputy of the Office" wherever it appears in the National Audit Office Law, promulgated by Legislative Decree No. (16) of 2002. Additionally, the phrase "National Audit Office" shall replace "National Audit Bureau" wherever it appears in the applicable laws.

Article Five

The Prime Minister and the Ministers—each within their jurisdiction—shall implement this Law, and it shall come into force from the day following the date of its publication in the Official Gazette.

King of the Kingdom of Bahrain

Hamad bin Isa Al Khalifa

Prime Minister

Khalifa bin Salman Al Khalifa

Issued at Riffa Palace:

On 8 Dhu al-Hijjah 1431 AH

Corresponding to 14 November 2010