



**State Audit Law**  
**&**  
**Protection of Public Fund and**  
**Avoidance of Conflict of Interest Law**



HIS MAJESTY SULTAN QABOOS BIN SAID  
SULTAN OF OMAN

# **State Audit Law**

**Royal Decree**  
**No. 111/2011**  
**Issuing the State Audit Law**

**We, Qaboos bin Said**

**Sultan of Oman**

After perusal of:

The Basic Law of the State issued by Royal Decree 101/96;

Omani Penal Law issued by Royal Decree 7/74;

The After-Service Pensions and Gratuities for Omani Employees at the  
Diwan of Royal Court Law issued by Royal Decree 86/96;

The State Audit Law issued by Royal Decree 55/2000;

And, in accordance with the Public Interest

**Have Decreed as follows**

**Article 1:** The provisions of the attached State Audit Law shall be enforced.

**Article 2:** The Chairman of State Audit Institution shall issue the Executive Regulations of the attached Law. Until such Regulations have been issued, the provisions of the current applicable Regulations of the State Audit Law shall apply, provided they are not in conflict with the provisions of this Law.



**Article 3:** The Chairman of State Audit Institution shall issue Regulations to organize the affairs of the members and staff and their financial entitlements. Pending the issuance of such regulations, the current structure of grades and salaries of members and staff of the Institution attached to the abovementioned Royal Decree 55/2000 and the provisions of the current Regulations shall apply, provided this does not contradict the provisions of the attached Law.

**Article 4:** The provisions of the abovementioned After Service Pensions and Gratuities for Omani Employees of Diwan of Royal Court Law shall apply to the members and staff of the Institution.

**Article 5:** The Royal Decree 55/2000 as well as any provisions which contradict the provisions of this decree and attached Law are hereby repealed.

**Article 6:** This Decree shall be published in the official gazette and shall come into force with effect from the day following its date of publication.

**Issued on: 26th of Dhul-Qida 1432**

**Hijri corresponding to: 24th of October 2011**

**Qaboos bin Said**

**Sultan of Oman**

## **State Audit Law**

### **Chapter One**

#### **General Definitions and Provisions**

**Article (1)** In the application of the provisions of this Law, the following terms shall have the meanings ascribed to them as under, unless the context otherwise dictates:

- 1) Institution** : The State Audit Institution.
- 2) Chairman** : The Chairman of the Institution.
- 3) Two Vice Chairmen** : Vice Chairman for Audit of State Administrative Apparatus and Vice Chairman for Audit of Public Authorities, Establishments and Companies.
- 4) Regulation** : The Executive Regulation of the State Audit Law.
- 5) Members** : Audit employees at the Institution.
- 6) Staff** : Technical and administrative employees at the Institution.
- 7) External Auditors** : The auditors and accountants who practice the profession as per the Law regulating the Accounting and Auditing professions in the Sultanate.

**Article (2)** The Institution shall have the capacity of an autonomous legal entity. It shall enjoy financial and Administrative independence and would report directly to His Majesty the Sultan.

**Article (3)** The Institution shall have an independent budget to be incorporated as one sum in the State General budget under the caption of ‘unclassified expenses’. The Chairman shall approve the detailed budget.

The Institution prepares its budget on the accrual basis. These accounts shall be audited by the Institution itself.

**Article (4)** The Institution shall carry out financial and administrative audit of State-owned funds or those managed or supervised by the State as well as all financial and administrative dispositions. It shall also monitor the performance of the entities subject to audit as per the rules stipulated in this Law and its Regulations.

**Article (5)** The entities subject to audit shall provide the Institution with the draft laws, regulations and systems developed by such entities with respect to financial accounting affairs, taxes and charges for comments.

**Article (6)** The headquarters of the Institution shall be at Muscat Governorate. It may establish branches in other governorates and regions by a decision from the Chairman.

**Article (7)** In implementation of the provisions of this law, members of the Institution shall have the judicial authority according to stipulations in the regulations.

## **Chapter Two**

### **Objectives of the Institution**

**Article (8)** The objectives of the Institution are to:

- 1) Protect the State public funds and the private funds managed or supervised by any of the entities subject to the audit of the Institution and provide an assurance on the efficacy of internal control and audit systems and the appropriateness of financial and administrative decisions and actions and their compliance to laws, regulations and other regulatory decisions.
- 2) Ensure the enforcement of laws, regulations, systems and decisions in accordance with the jurisdiction of the institution.
- 3) Prevent conflicts of interest and financial or administrative violations.
- 4) Detect deficiencies or weaknesses in the applicable financial and administrative laws, regulations and systems in force and recommend measures for rectification.
- 5) Abide by the principles of transparency in financial and administrative dispositions.
- 6) Carry out preventive audit and ensure the sound conduct of work.
- 7) Evaluate the performance of the entities subject to the audit of the Institution and ensure that the resources are utilised with economy, efficiency and effectiveness.
- 8) Detect the reasons for deficient output and performance and assign responsibility.



### **Chapter Three**

#### **Responsibilities of the Institution**

**Article (9)** The Institution shall be responsible for conducting financial and administrative audits, in all fields, including:

- 1) Financial audit in its accounting and legal aspects.
- 2) Administrative audit.
- 3) Performance audit.
- 4) The decisions made with regard to financial contraventions
- 5) Investments and all accounts of the entities subject to audit of the institution.
- 6) Any other functions assigned to the Institution by His Majesty the Sultan.

**Article (10)** In undertaking its responsibilities under this law, the Institution shall:

- 1) Review the reports on evaluation of the assets of units to be privatized and the draft contracts and agreements concluded there of prior to making the final decision thereon.
- 2) Review revenues, expenses, disbursements, registers of accruals recorded in the accounts maintained electronically or on all types of digital media, accounts opened by the entities subject to the audit of the Institution, loans, and credit facilities and verify the financial dispositions and applicable accounting controls and reviews the settlement accounts to ensure that they are supported by official documents.

- 3) Review decisions related to personnel affairs and end-of-service entitlements to ensure their compliance with the financial and administrative laws, regulations and systems.
- 4) Examine the activities of stores, treasuries, plants, laboratories, and similar establishments.
- 5) Review the investments made by the entities subject to the audit of the Institution.
- 6) Review all the transactions of governmental lands and real estates.
- 7) Audit the draft final accounts of the State and the final accounts of the entities subject to the audit of the Institution and report to the Ministry of Finance to carry out the corrective actions before referring the same to the Council of Financial Affairs and Energy Resources. The Council should be informed of the corrective measures that have not been implemented, to take action it deems appropriate before referral to His Majesty the Sultan.
- 8) Ensure the efficacy of financial and administrative systems, expose the deficiencies and irregularities therein and propose corrective measures for their redressal and avoidance of recurrence.
- 9) Review the complaints received by the Institution on negligence or violation of applicable laws, regulations and decisions as per the controls stipulated in the Regulations.

- 10) Review the adherence to contract conditions by companies and bodies who have been granted a license to operate and manage public facilities.
- 11) Audit of the financial and administrative irregularities committed by the employees of the entities subject to Institution's audit jurisdiction.
- 12) Follow up of implementation of the orders and directives of His Majesty the Sultan to the entities subject to the audit of the Institution.
- 13) Review documents, records, accounts and supporting documents and electronic accounts and other digital data either at the entities' premises or at the Institution. It shall have the right to request and review all documents, registers, or minutes of the committees, or minutes of the Board of Directors, or any other documents or papers it deems necessary in proper and complete discharge of its responsibilities with or without prior notice to these entities. If necessary, the Institution may keep these documents until the audit and review are completed. The institution shall also have the right to access applicable electronic systems of the entities subject to audit of the Institution and establish electronic links to the database of the Institution.
- 14) Seek the assistance of the experts and professionals and determinet their fees in accordance with the terms prescribed in the Regulations.

**Article (11)** The Institution shall discharge its responsibilities stipulated in this Chapter as per the Regulations.

**Chapter Four**  
**Formation of the Institution**

**Article (12)** The Institution shall consist of the Chairman, two Vice - Chairmen, and adequate number of members and staff.

**Article (13)** The Chairman and the two Vice - Chairmen shall be appointed by a Royal Decree, while members and staff shall be appointed by a decision from the Chairman.

**Chapter Five**  
**Duties and Prohibitions**

**Article (14)** The Chairman shall supervise the affairs of the Institution, outline its policies and follow up their implementation.

**Article (15)** The two Vice-Chairmen and the members of the Institution shall take the following oath before the Chairman, before assuming their positions: "I swear by Allah, the Almighty, to be trustworthy to public funds, respect the laws, regulations and systems that protect them, perform my duty with integrity, honour and honesty, and maintain the dignity of my assignment and its confidentiality."

**Article (16)** The Vice-Chairmen and the members and staff of the Institution shall submit a financial disclosure that contains all their tangible and intangible possessions as well as those possessed by their spouses and minor children along with the source of this property. This disclosure shall be submitted upon appointment for the first time, every five years, and upon completion of service. These disclosures shall be confidential and none shall have access thereto without the approval of the Chairman.



**Article (17)** In other than the case of a member apprehended red handed in the act of committing a crime, no member of the Institution shall be arrested or kept in preventive custody without permission from the Chairman.

**Article (18)** No investigations shall be initiated or public action filed against any member of the Institution unless permission of the Chairman is sought based on the request of the Public Prosecutor.

**Article (19)** The Chairman, Vice-Chairmen, members and staff shall not:

- 1) Chair or become a director of any public authority, establishment, or company.
- 2) Combine work at the Institution and any other work that contradicts the requirements of the post.
- 3) Practice business or professional work.
- 4) Accept any gift, reward, or commission of any kind that may influence performance of his duties.
- 5) Disclose matters that he may come to know because of his position if they are confidential by nature or designated as such by instructions. This prohibition remains in effect even after the end of service.

## **Chapter Six**

### **Entities subject to the audit of the Institution**

**Article (20)** The following are entities subject to the audit of the Institution:

- 1) Units of State Administrative Apparatus, unless exempted by a special provision in the decree of the establishment of the units;
- 2) Public authorities, establishments and other autonomous legal entities;
- 3) Investment and pension funds as well as any other governmental funds;
- 4) Companies fully owned by the government or those where government's shareholding –whether exclusively or collectively- is more than (40%) of the share capital; the bodies to whom the government has granted a concession to exploit a public utility or a natural resource; companies and establishments contracted or licensed to manage or operate any of the public funds without prejudice to any special provisions stipulated in the laws and Royal Decrees issued in this regard and the agreements entered into with the government and their implementation. The audit of the Institutions shall be without prejudice to the right of these companies to have their own auditors appointed by the general assembly in accordance with the provisions of the Commercial Companies Law;
- 5) Private funds managed or supervised by any of the entities subject to audit of the Institution;
- 6) The entities, not subject to the audit of the Institution, upon their request and if the Institution finds that the public interest so necessitates.

**Article (21)** Auditing the accounts of the entities mentioned in items (2),(3), (4) and (5) of Article (20) shall be carried out according to the international accounting and auditing standards and corresponding financial regulations and according to the guidelines issued by the International Organization of Supreme Audit Institutions as long as these do not contradict the applicable laws.

The abovementioned entities shall undertake to submit to the Institution their budgets, financial statements, final accounts and any additional amendments or settlements thereto, reports of boards of directors and auditors, and management reports within two months of their adoption.

**Article (22)** Upon approval of the Chairman, the Institution may assign the task of auditing the accounts of the entities mentioned in items (2), (3) and (4) of Article (20) to external auditors and determine the scope of such work. The respective entity shall bear the related fees.

Such auditors shall submit their reports to the Institution for comments before sending the same to the competent authorities.

## **Chapter Seven**

### **Procedures and Reports of the Institution**

**Article (23)** Upon detecting a financial or administrative irregularity, the Institution may request the related entity to conduct an investigation against the employee responsible for the contravention and take precautionary procedures. The entity shall immediately conduct the investigation, on being asked to do so. If the irregularity is a suspicion of crime, the entity shall inform the public prosecution to take measures in this regard and notify the Institution of the same within two weeks from the date of intimation. The public prosecution shall inform the Institution and the entity in case where it is decided not to pursue with the investigation. The Institution and the entity shall have the right to appeal against the decision as per the established procedures in this regard.

In all cases, the Chairman shall inform the public prosecution of any irregularity that may form a suspicion of a crime.

**Article (24)** The entities subject to audit of the Institution shall inform the Institution within one week from discovering any financial or administrative irregularity or the occurrence of an incident that may result in or lead to a financial loss to the State without prejudice to any other legal procedures the entities may take.



**Article (25)** The entities subject to audit of the Institution shall provide to the Institution with the documents of investigation on financial and administrative irregularity whether discovered by the Institution or by the entities in addition to the decisions resulting from the investigation, within two weeks from issuing these decisions. The Institution shall have the right to object to these decisions within thirty days from the date of notification and return the related documents and papers to the said entities to take the required actions.

**Article (26)** The entities subject to this Law, when seeking an opinion if it relates to any provision of this Law, such request for opinion, shall be accompanied by the views of the Institution with regard to the matter for which the opinion is sought.

**Article (27)** The results of the audits together with any recommendations on remedial action to be taken in respect of contraventions of financial and administrative laws, rules and regulations shall be communicated to the entity.

The entity concerned shall respond to the observations and correspondence of the Institution within thirty days from the date of notification. The institution may invite any of the concerned officials from the entities subject to its audit, to the institution, to discuss issues related to the audit results.

**Article (28)** The Chairman shall submit reports to His Majesty The Sultan on the subjects and issues of special importance and issues which have not been implemented by the entities subject to the audit of the Institution as well as the difficulties the Institution faced during the course of its functioning.

The Chairman shall inform the Council of Ministers and Shura and State Councils of the contents of these reports, if deemed appropriate.

**Article (29)** The Institution shall prepare an annual report on the results of its work and the Chairman shall submit it directly to His Majesty The Sultan. He shall also send a copy of this report to the Council of Ministers and Shura and State Councils before the end of following financial year.

### **Chapter Eight**

#### **Contraventions and Penalties**

**Article (30)** The correspondence of the Institution shall be among the decisive procedures for the prescription of the case in financial and administrative irregularities.

**Article (31)** The following are amongst the financial and administrative contraventions:

- 1) Non-compliance with the provisions of financial and administrative rules, regulations and system in force in the state;
- 2) Every action that results in unlawful disbursement of funds or loss of any financial right within the entities subject to the audit of the Institution, or causes harm or delays in accomplishing developmental projects or leads to such results;

- 3) Failure to provide the institution with closing accounts, internal audit reports, budgets, financial statements and balance sheets and external auditors' reports on time;
- 4) Failure to inform the institution with administrative judgments and decisions issued with regard to financial and administrative contraventions within the timelines stipulated in this law or negligence to take the appropriate actions thereto;
- 5) Delay, without any valid reasons, in informing the institution, within the specified timelines in this law and its regulation about financial and administrative contraventions along with actions taken thereto;
- 6) Preventing members of the institution from auditing any of the accounts, papers, instruments, documents or others which they are lawfully authorised to review or check as stipulated in this law or not disclosing information, data or documents or presenting them incorrectly to the members;
- 7) Failure to reply to the institution's reports, observations and correspondence related to its audit or delay in the reply without any valid reasons or justification.

**Article (32)** Without prejudice to any tougher penalty stipulated by any other law, any person who contravenes clauses 6 and 7 of Article 31 of this law shall be punishable by imprisonment for a period not less than six months and not more than one year and a fine of not less than 1000 Oman Rials and not more than 2000 Omani Rials or by either of these two penalties.





**Protection of Public Fund and  
Avoidance of Conflict of Interest Law**

**Royal Decree**  
**No. 112/2011 for**  
**The Protection of Public Fund and**  
**Avoidance of Conflict of Interest Law**

We, Qaboos bin Said

Sultan of Oman

After pursual of:

The Basic Law of the State issued by Royal Decree 101/96;

The Omani Penal Law issued by Royal Decree 7/74;

Royal Decree 39/82 on Public Fund Protection and Avoidance of  
Conflict of Interest;

The Financial Law issued by Royal Decree 47/98;

Tender Law issued by Royal Decree 36/2008;

Pursuant to the Public Interest

**Have Decreed as follows**

**Article (1)** The provisions of the attached Protection of Public Fund and  
Avoidance of Conflict of Interest Law shall be enforced.

**Article (2)** The aforesaid Royal Decree No. 39/82 shall be repealed and all that contravenes this Decree and the attached law or contradicts their provisions shall also be repealed.

**Article (3)** This Decree shall be published in the official gazette and shall come into force with effect from the day following its date of publication .

**Issued on: 26th of Dhul-Qida 1432 AH**

**CT: 24th of October 2011 AD**

**Qaboos bin Said**

**Sultan of Oman**

**The Protection of Public Fund and**  
**Avoidance of Conflict of Interest Law**

**Article (1)** In the application of the provisions of this Law, the following terms shall have the meanings ascribed to them as under, unless the context otherwise dictates:

**Units of the State Administrative Apparatus**

The Council of Ministers, the Ministries and all their administrative and technical bodies, the specialized councils, the public authorities and establishments, other public juridical persons, or any administrative unit that derives its authority from the State.

**Public Funds**

All moveable and immovable assets whether they are privately or publicly owned by the State or any of the units of State Administrative Apparatus or the companies in which the government holds more than (40 %) of its shareholding and the private funds managed or supervised by these units, such as the endowment, zakat and funds of the orphan and the minor.

**Government Official**

Every person that holds a governmental position or holds a job, either permanently or temporarily in any of the units of State Administrative Apparatus, with or without remuneration; the government officials include the members of Majlis Oman, representatives of the government in the companies, and the employees of the companies fully owned by the government or in which the government has more than (40%) of its capital.

**Benefit**

The consideration received by the government official, whatever its form may be, and whether obtained directly or indirectly.

**Article (2)** The funds allocated to public interest as per the law, a royal decree, a decision from the Minister in charge of Financial Affairs or whoever discharges his functions and prerogatives or by action shall be considered as publicly owned funds.  
The allocation of public funds for public interest by action shall be through State's allotment and preparation thereof.

**Article (3)** The funds not allocated to public interest or whose allocation in this regard has expired, shall be considered as privately owned funds.

**Article (4)** The public funds are inviolable and must be protected and shall not be disposed of in any manner except according to the provisions of the law. They shall not be seized or transgressed. They shall not be owned or any real right be acquired thereon by prescription. Any disposal in violation of the above shall be invalid and any breach of the public funds shall be removed by following the administrative procedure.

**Article (5)** The government official shall prevent any misuse of public funds and shall immediately inform the concerned authorities of any proven violations against public funds.

**Article (6)** The units of State Administrative Apparatus under the supervision of the government official shall not deal with any company or establishment in which he has an interest, whether directly or indirectly.

**Article (7)** Every government official shall be prohibited from using his position or work for realising an advantage for himself or for others or using his influence to facilitate others to obtain a benefit or preferential treatment.

It is also prohibited for the government official to conclude any transaction that would affect or lead to waste of public funds.

**Article (8)** The government official shall be prohibited from assuming the role of a broker, agent, or sponsor to any company or establishment whose activities are related to his employer. Among the prohibited brokerage activities shall be his assistance to others for the purpose of facilitating the company or establishment to obtain the approval of the government.

**Article (9)** The government official shall not use the public funds for personal purposes or in any way other than the purposes to which they are allocated.

**Article (10)** The government official shall be prohibited from combining his position or work, whether temporary or permanent, with any other work in the private sector related to his position or work, except after obtaining a permission from the Council of Ministers, if he is a Minister or of the same rank, an Undersecretary or of the same rank, and from the concerned minister or Chairman of the organisation/ establishment for other government officials.

Every government official that obtained such permission shall submit an annual disclosure to State Audit Institution as per the form prescribed by the Institution for that purpose.

This disclosure shall contain all the transactions with the governmental units and the establishments in which the government owns more than (40%) of the share capital.

**Article (11)** No government official or his minor children shall be allowed to have a share in any company, establishment, or business that aims to make profit, which is directly associated with his work.

The shares acquired before the provisions of this Law come into force shall be excluded.

**Article (12)** The government official shall be obliged to submit financial declaration to the State Audit Institution as per the form prescribed for that purpose. The financial declaration shall contain all movable and immovable possessions as well as those possessed by spouses and minor children along with the source of such ownership. The declaration shall be submitted upon the request of the Chairman of the State Audit Institution, when such necessity warrants. The declarations shall be confidential and none shall have access thereto without the approval of the Chairman of the Institution.

**Article (13)** The government official shall be required not to disclose confident issues he may come to know because of his position or work, whether they are confidential by nature or by instructions designating them as such. This prohibition continues even after the end of service.



**Article (14)** Without prejudice to any harsher penalty in Omani Penal Law or any other law, the offences set forth in this Law shall be punishable by the penalties stipulated therein.

**Article (15)** Whoever violates the provisions of Articles (4, 5, 8, 9, 10 and 12) of this Law shall be punishable by imprisonment of not less than six months and not exceeding two years.

**Article (16)** Whoever violates the provisions of Article (7) of this Law shall be punishable by imprisonment of not less than one year and not exceeding three years.

**Article (17)** Whoever violates the provisions of clause (1) of Article (11) of this Law shall be punishable by imprisonment of not less than three months and not exceeding a year.

**Article (18)** In all the cases contemplated in Articles (15, 16 and 17) of this law, the government official shall be removed from his position or work and all funds obtained in violation of the provisions of this Law shall be confiscated.