

ACT No. 166

of May the 20th, 1993,

CONCERNING THE SUPREME AUDIT OFFICE

(as amended under Acts No: 331/1993, 117/1994, 224/1994, 58/1995, 236/1995, 296/1995, 148/1998, 132/2000, 220/2000, 442/2000, 239/2001, 127/2002, 282/2002, 179/2005, 413/2005, 23/2006, 342/2006 and 227/2009 Coll.)

The Parliament has enacted the following law of the Czech Republic:

PART ONE

INTRODUCTORY PROVISIONS

Section 1

(1) This Act governs the status, the jurisdiction, the organizational structure and the activity of the Supreme Audit Office (hereinafter „the Office“ only).

(2) This Act also defines the rights and the duties of the President of the Supreme Audit Office (hereinafter „the President of the Office“ only), the Vice-President of the Supreme Audit Office (hereinafter „the Vice-President of the Office“ only), the members of the Supreme Audit Office (hereinafter „members of the Office“ only), the Board of the Supreme Audit Office (hereinafter „the Board of the Office“ only), the Senates of the Supreme Audit Office (hereinafter „Senates of the Office“ only), the Disciplinary Chamber of the Supreme Audit Office (hereinafter „the Disciplinary Chamber of the Office“ only), and of the staff of the Office.

PART TWO

STATUS AND POWERS OF THE OFFICE

Section 2

(1) The Office is an independent audit body of the Czech Republic.

(2) The Office shall have its headquarters in Prague.

(3) The Office may use the coat-of-arms of the Czech Republic.

Section 3

(1) The Office shall audit:

(a) the management of state property and financial resources collected under the law for the benefit of legal persons, with the exception of resources collected by municipalities or regions under their independent jurisdiction,

(b) the state final account of the Czech Republic,

(c) the implementation of the State Budget of the Czech Republic,

(d) the management of financial resources provided to the Czech Republic from abroad and of financial resources for which the State has assumed guarantees,

- (e) the issue and amortization of government securities,
- (f) the state procurements.

(2) Unless a special law lays down otherwise, the Office shall carry out audit in the scope specified in paragraph 1 for

- (a) organizational units of the state,
- (b) legal and natural persons.

(3) The Office shall carry out audit of financial management by the Czech National Bank (CNB) in the area of expenditures for property acquisition and CNB operations.

(4) (The paragraph was abrogated.)

(5) (The paragraph was abrogated.)

Section 4

(1) When carrying out audits, the Office shall examine whether the audited operations conform to legal regulations, shall review whether they are substantively and formally correct, and shall judge whether they are effective and economical.

(2) The facts being ascertained shall be subject to audit by the Office irrespective of the type and degree of their secrecy.

(3) The result of the auditing operations of the Office are audit conclusions^{*)}. An audit conclusion is a written report summing up and evaluating the facts ascertained in the course of an audit carried out pursuant to this Act.

Section 4a

(1) For the discharge of its competence under this Act, the Office receives reference data from the basic Register of Inhabitants. These data are as follows:

- (a) surname;
- (b) first name or names;
- (c) residence address;
- (d) date of birth, place and region of birth; as far as a person born abroad is concerned, there will be provided: date of birth, place and State of birth;
- (e) date of decease, place and region of decease;
- (f) citizenship or, if relevant, more citizenships.

(2) For the discharge of its competence under this Act, the Office receives data from the agenda information system of the Register of Citizens of the Czech Republic. These data are as follows:

- (a) first name or names, surname, maiden name;
- (b) date of birth;
- (c) place and region of birth; as regards a citizen of the Czech Republic who was born abroad, the information on the place and State of birth is provided;
- (d) permanent residence address including previous permanent residence addresses and, if relevant, the address where documents shall be sent under another legal provision;

(e) commencement of permanent residence and, if relevant, the date of invalidation of information on the place of permanent residence, or the date of termination of permanent residence on the territory of the Czech Republic;

(f) loss of or restrictions to legal capacity of persons; first name or names and surname of the guardian.

(3) Data that are given as reference data in the basic Register of Inhabitants are used from the agenda information system of the Register of Citizens only when they are in the state preceding the current state.

(4) Only those provided data it is possible to use that are indispensable for completion of the given task.

Section 5

(1) The Office shall draw up and submit to the Chamber of Deputies its opinion on the report on the course of implementation of the State Budget and on the state final account of the Czech Republic, including the audit reports on which its opinion is based.

(2) The Office shall submit to the Chamber of Deputies its opinions referred to in paragraph 1 within a term, which shall be half the length of the term set for the consideration of these opinions.

Section 6

When so requested by the Chamber of Deputies or by the Senate and their bodies, the Office shall draw up within an agreed term its opinion on proposed legal regulations concerning budgetary management, accounting, state statistics and performance of auditing, supervisory and inspection activities.

PART THREE

ORGANIZATION OF THE OFFICE

Section 7

Bodies of the Office

(1) The bodies of the Office are the President of the Office, the Vice-President of the Office, the Board of the Office, the Senates of the Office and the Disciplinary Chamber of the Office.

(2) The arrangement of the bodies of the Office shall be governed by the organizational rules of the Office, the rules of procedure of the Board of the Office, the rules of procedure of the Senates of the Office and the Disciplinary Rules.

The President and the Vice-President of the Office

Section 8

(1) The President of the Office shall direct the Office and act on its behalf, and shall preside over the Board of the Office and over the Disciplinary Chamber of the Office.

- (2) The President of the Office shall submit to the Board of the Office:
- (a) the draft plan of auditing activities and its changes,
 - (b) the draft budget and the draft final budgetary statement of the Office,
 - (c) all audit reports from which proceeds the opinion on the state final account,
 - (d) the draft of the annual report on the work of the Office in the past budgetary year (hereinafter „the annual report“ only),
 - (e) the draft of organizational and labour rules of the Office, including its amendments,
 - (f) the draft rules of procedure of the Board of the Office and of the Senates of the Office, including their amendments,
 - (g) the draft disciplinary rules,
 - (h) suggestions from the Chamber of Deputies, the Senate, their bodies and the Government.
- (3) After consultation with the Board of the Office, the President of the Office shall approve the organizational and operational rules of the Office.
- (4) The President of the Office may attend meetings of the Chamber of Deputies, of the Senate and of their organs when they discuss proposals and opinions submitted to them by the Office. If he asks for the floor, he shall be given it.
- (5) When the Chamber of Deputies, the Senate or their organs ask for the presence at their deliberations of the President of the Office, he shall have to attend such deliberations.
- (6) When the President or the Vice-President of the Office do not temporarily perform their official duties, the office of the President of the Office shall be always performed by the doyen of members of the Office.

Section 9

- (1) The Vice-President of the Office shall act as the proxy of the President of the Office in the latter's absence.
- (2) The Vice-President of the Office shall act for the President of the Office in specific cases on the basis of the latter's authorization.
- (3) The Vice-President of the Office shall exercise some of the powers of the President of the Office if the organizational rules of the Office so provide.

Section 10

- (1) Any citizen of the Czech Republic may be appointed President or Vice-President of the Office, who:
- (a) is fully qualified for legal transactions,
 - (b) has full civic integrity, meets the conditions set by special legislation²⁾, and his or her experience and moral qualities provide the guarantee that he or she will properly perform his or her official duties,
 - (c) is the graduate of a university,
 - (d) is older than thirty-five years.
- (2) The term of office of the President and the Vice-President of the Office shall be nine years.

(3) The President and the Vice-President of the Office shall submit their oath of office personally to the President of the Republic.

(4) The oath of office of the President and of the Vice-President of the Office reads: „I swear my allegiance to the Czech Republic. I pledge to observe its Constitution and its laws. I swear on my honour to perform my office independently and impartially and not to abuse my position.“

(5) The President and the Vice-President of the Office shall assume their office upon the submission of their official pledge.

(6) The office of President of the Office and of the Vice-President of the Office is incompatible with the office of Deputy, Senator, judge or prosecutor, with any public administration office, with the office of member of local self-government, and with any office in political parties and movements.

(7) The President of the Office and the Vice-President of the Office may not hold any other paid office or perform any paid activity with the exception of scientific, educational, literary, publication and artistic activities, provided that such activities do not impair the dignity of the Office or do not undermine confidence in the independence and impartiality of the Office.

(8) The President and Vice-President of the Office shall cease performing their office upon:

- (a) expiration of their term of office,
- (b) their recall by the President of the Republic on the proposal of the Chamber of Deputies,
- (c) delivery of their letter of resignation to the President of the Republic,
- (d) the finality of a court ruling depriving them of their legal capacity or curtailing their legal capacity,
- (e) the finality of a judicial verdict convicting them of a crime.

(9) The Chamber of Deputies may propose to the President of the Republic to recall the President or the Vice-President of the Office only:

- (a) when they have not performed their official duties for more than six months,
- (b) on the basis of a final decision of the Disciplinary Chamber of the Office, proposing their recall.

Members of the Office

Section 11

(1) Members of the Office shall conduct audits, direct auditing activities and draw up audit conclusions according to the plan of auditing activities, and shall take part in the work of the Senates of the Office and of the Board of the Office.

(2) The member of the Office, who draws up an audit conclusion shall rule on any objection of bias raised by the audited person against the respective auditor.

Section 12

(1) The Chamber of Deputies shall elect fifteen members of the Office nominated by the President of the Office.

(2) If a post of member of the Office is vacated, the President of the Office shall nominate within 40 days of the day the post became vacant a candidate for election by the Chamber of Deputies as a new member of the Office. If the Chamber of Deputies does not elect a new member of the Office, the President of the Office shall submit to the Chamber of Deputies a new proposal within 40 days of the day a new member of the Office was not elected.

(3) Any citizen of the Czech Republic may be elected member of the Office, who:

(a) is fully qualified for legal transactions,

(b) has civic integrity, meets the conditions set by special legislation²⁾ and his experience and moral qualities provide the guarantee that he will properly fulfill his official duties,

(c) is a university graduate,

(d) is older than thirty years.

(4) Every member of the Office shall submit to the Chairman of the Chamber of Deputies an official oath.

(5) The oath of office of members of the Office reads: „I swear my allegiance to the Czech Republic. I pledge to observe its Constitution and its laws. I swear on my honour to perform my office independently and impartially and not to abuse my position.“

(6) Members of the Office shall assume their office upon submission of their official oath.

(7) The office of member of the Office is incompatible with the office of Deputy or Senator, judge, prosecutor, any public administration office, the office of member of local self-administration bodies, and with any office in political parties and movements.

(8) A member of the Office may not hold any other paid office or perform any paid activity with the exception of scientific, educational, literary, publication and artistic activities, provided that such activities do not impair the dignity of the Office or do not undermine confidence in the independence and impartiality of the Office.

(9) The office of member of the Office shall be terminated:

(a) upon delivery of his letter of resignation to the Chamber of Deputies,

(b) on attainment of the age of 65 years,

(c) by recall by the Chamber of Deputies on the basis of a final decision of the Disciplinary Chamber of the Office, proposing the recall,

(d) when a court ruling depriving the member of his legal capacity or curtailing such capacity becomes final,

(e) when a judicial verdict convicting the member of a willful crime becomes final.

Section 13

Board of the Office

(1) The Board of the Office consists of the President of the Office, the Vice-President of the Office, and members of the Office.

(2) The Board of the Office shall adopt its decisions by vote; a decision shall be adopted by majority of the present members of the Board. In the case of split vote, the vote cast by the presiding member shall be decisive. The Board of the Office shall have a quorum when more than half of its members are present. Deliberations of the Board of the Office shall be

governed by rules of procedure, which shall provide, in particular, for the form of decision-making, the voting procedure, and the manner of publishing the opposite view.

(3) The Board of the Office shall approve:

- (a) the plan of auditing activities,
- (b) the draft budget of the Office, submitted to the Chamber of Deputies and the final budgetary statement of the Office,
- (c) all audit conclusions on which the opinion on the state final account is based,
- (d) the annual report,
- (e) the audit conclusions it set for itself when approving the plan of auditing activities or assigned to it by the President of the Office,
- (f) the rules of procedure of the Board of the Office and of the Senates of the Office,
- (g) the Disciplinary Rules.

(4) The Board of the Office shall decide on:

- (a) appeals contesting rulings on objections filed against audit protocols,
- (b) objections claiming bias, provided that the objection was filed by the audited person against a member of the Office; such member of the Office shall be excluded from vote on the objection of bias.

(5) The Board of the Office shall consider the drafts of the organizational and labour rules of the Office, submitted by the President of the Office, and shall recommend to him their approval.

Section 14

Senates of the Office

(1) The Senates of the Office are collective bodies of the Office, made up of three or more members of the Office. They shall decide by vote of all their members; a decision shall be adopted when it is approved by majority of the members of the respective Senate. Deliberations of the Senates of the Office shall be governed by their rules of procedure, which shall include, in particular, the form of decision-making, the voting procedure, and the manner of publishing the opposite view.

(2) Senates of the Office shall be established by the Board of the Office when it approves the plan of auditing activities. A Senate of the Office shall be chaired by a member of the Office appointed by the Board of the Office.

(3) Senates of the Office shall approve the audit reports for which they were established.

(4) Senates of the Office shall rule on appeals filed against rulings on objections regarding audit protocols, which serve as the basis for the audit reports within the competence of the respective Senate.

Section 15

Auditors

Audits shall be carried out by auditors. Save where this Act provides differently, auditors shall be covered by the provisions of the Labour Code.

PART FOUR WORK OF THE OFFICE

Section 16 International cooperation

- (1) The Office shall cooperate with the supreme audit institutions abroad and may conclude with them agreements on auditing activities. The Office may send members of the Office and auditors to international or supranational audit bodies.
- (2) The Office may be a member of international organizations associating audit institutions.

Section 17 Plan of auditing activities

- (1) The plan of auditing activities shall define in terms of their substance and schedule the auditing operations to be realized in the next budgetary year.
- (2) When drawing up the plan of auditing activities, its authors shall proceed from suggestions presented by the President of the Office, the Vice-President of the Office, and members of the Office. Suggestions shall ensue from the auditing activities of the Office, from the Chamber of Deputies, the Senate and their bodies, and from the Government.
- (3) The plan of auditing activities shall include in the case of every specific audit operation in particular:
 - (a) the object and goals of the audit and the designation of the audited body, organizational unit of the state, legal or natural person (hereinafter „the audited person“ only),
 - (b) the schedule of the audit,
 - (c) the name of the member of the Office, who will draw up the audit conclusion, or of the body of the Office approving the audit report,
 - (d) the membership of the Senate of the Office, if established.
- (4) The approved plan of auditing activities shall be submitted by the President of the Office for information to the Chamber of Deputies, to the Senate and to the Government, and he shall publish it in the Bulletin of the Supreme Audit Office (hereinafter „the Office Bulletin“) only.
- (5) Any change to be effected in the plan of auditing activities shall have to be approved by the Board of the Office. The approved change shall be submitted for information and shall be published in the Office Bulletin pursuant to paragraph 4.

Section 18 Annual report

- (1) The annual report shall be submitted by the President of the Office for approval to the Board of the Office.
- (2) The annual report shall contain in particular:
 - (a) an evaluation of the plan of auditing activities,
 - (b) a financial assessment of the gain derived from auditing activities,

(c) an evaluation of other activities.

(3) The annual report shall be submitted by the President of the Office for information to the Chamber of Deputies, the Senate and the Government within two months of the end of the budgetary year and he shall publish it in the Office Bulletin.

Rules of Audit Procedure

Section 19

(1) The Rules of Audit Procedure shall govern the procedure to be followed in performing an audit and the relationship between the Office, the bodies of the Office, the members of the Office and the auditors charged with the conduct of a specific audit on the one hand and the audited persons on the other hand.

(2) Auditing activities shall be carried out by members of the Office and auditors (hereinafter „auditors in charge“ only) on the basis of a written warrant issued by the President of the Office or by a member of the Office authorized by him to do so.

(3) The warrant shall state the object and the substance of the audit, the names, surnames and titles of the auditors and their position in the Office, the name and surname of the head of the team of auditors in charge, and the authority or persons to whom an appeal may be addressed, contesting the ruling on objections filed against the audit protocol.

Section 20

(1) Those auditors in charge in whose case there may be warranted doubt about their bias because of their relationship to the audited persons or to the object of the audit may not perform the respective audit.

(2) An auditor in charge who has learned of facts indicating his bias shall report this immediately to the competent member of the Office or, when he himself is a member of the Office, to the President of the Office.

(3) Audited persons shall report to the Office facts indicating the bias of an auditor in charge as soon as they have learned of such facts.

(4) An objection claiming bias of an auditor in charge shall be ruled on without undue delay.

(5) Until the ruling on the objection of bias is made, the affected auditor in charge shall perform only acts, which cannot be deferred.

(6) There shall be no appeal against a ruling on an objection of bias.

Section 21

When conducting an audit, the auditor in charge may:

(a) enter the buildings, establishments and operational facilities, the land and other premises of the audited persons provided that these are related to the object of the audit; the inviolability of domicile is guaranteed³⁾,

- (b) demand from the audited persons to submit within set terms original documents and other papers, data recorded on computer memory media, their excerpts and resource program codes, and samples of products or other goods (hereinafter „documents“ only),
- (c) become acquainted with confidential information provided that they submit a certificate for the relevant level of confidentiality of such information, issued pursuant to the special law⁴⁾.
- (d) demand from the audited persons true and full, oral and written information on the facts being ascertained and on facts relating thereto,
- (e) retain documents in warranted cases; they shall certify to the audited person in writing the surrender of the retained documents and leave to the person in question copies of such documents,
- (f) demand that the audited persons present within a set term a written report on the elimination of the ascertained defects,
- (g) use the telecommunication equipment of the audited persons in cases where the use of such equipment is essential for the execution of the audit.

Section 22

- (1) The auditors in charge shall ascertain at the audit the true state of affairs and shall have to prove it by documents.
- (2) The auditors in charge shall in addition:
 - (a) notify the audited person when the audit begins and present to them their warrant to conduct the audit,
 - (b) respect the rights and the legally protected interests of the audited persons,
 - (c) return without delay to the audited persons retained documents when the grounds of their retention have passed,
 - (d) duly safeguard retained documents against their loss, destruction, damage or misuse,
 - (e) draw up an audit protocol^{**)} on the results of the audit,
 - (f) keep confidential all facts of which they have learned in the course of the audit and not exploit their knowledge of such facts.

Section 23

An auditor in charge may be relieved of his duty of professional confidence by the person in whose interest he has such duty or, on the ground of an important state interest, by the President of the Office. This provision shall not prejudice the duty to report certain facts to the authorities competent under special regulations⁵⁾.

Section 24

- (1) Audited persons shall provide to the auditors in charge cooperation conforming to the latter's rights specified in Section 21 of this Act. Natural persons shall not be bound by the duty ensuing from Section 21, subpar. (d), if by fulfilling it they would expose themselves or persons close to them to the danger of criminal prosecution⁶⁾.
- (2) Audited persons shall to the essential extent corresponding to the character of their activity and their technical equipment provide the material and technical facilities for securing the conduct of the audit.

Section 25

(1) An audit protocol shall be drawn up on the conducted audit, which shall include in particular a description of the ascertained facts and list the defects found, and shall specify the legal regulations which have been violated.

(2) The audit protocol shall contain the designation of the Office and the names of the auditors taking part in the audit, the designation of the audited person, the place and the date of the audit, the object of the audit, the actual situation, and identification of the documents and other material on which the record is based. The audit protocol shall be signed by the auditors in charge who took part in the audit.

(3) The head of the team of auditors in charge shall be personally responsible for the content of the protocol.

Section 26

(1) It shall be the duty of the auditors in charge to inform the audited persons of the content of the audit protocol and to furnish them with its identical copy.

(2) The audited persons shall confirm that they were informed of the content of the audit protocol and that they have received its copy by signing the protocol.

(3) If an audited person refuses to be informed of the content of the audit protocol or to confirm that it has been so informed, these facts shall be noted down in the audit protocol.

Section 27

(1) The audited person may file objections against the audit protocol to the head of the team of auditors in charge within the term of five days of the day it was informed of its content, unless the auditor in charge set a longer term. The objections shall have to be filed in written form and shall have to include their grounds.

(2) The objections shall be ruled on by the head of the team of auditors in charge.

(3) If the objections have not been admitted, the audited person may file within fifteen days of the day when the ruling on the objections was delivered an appeal addressed to:

(a) the competent member of the Office in cases where the audit protocol served as a basis for an audit conclusion drawn up by the member of the Office,

(b) the competent Senate of the Office in cases where the audit protocol served as a basis for an audit conclusion considered by such senate of the Office,

(c) the Board of the Office in cases where the audit protocol served as a basis for an audit conclusion considered by the Board of the Office.

(4) If there exist grounds warranting it, the competent body of the Office or member of the Office shall change or dismiss the ruling on the objections, or else shall deny the appeal and confirm the original ruling.

(5) When the need arises in the appellate proceedings contesting a ruling on objections to supplement the investigation of the case, the respective body of the Office or member of the

Office shall dismiss the original ruling and shall provide for supplementary investigation of the case.

(6) There shall be no further appeal against the ruling of the competent body of the Office or member of the Office.

Section 28

(1) A natural person who has willfully caused an audited person not meeting its duty pursuant to Section 24 of this Act may be fined by the Office up to the amount of 50 000 CZK.

(2) A fine may be levied repeatedly if the duty is not met even within a term newly set by the auditors.

(3) A fine may be levied within one month of the day when the duty is not fulfilled.

(4) Fines shall constitute a receipt of the State Budget of the Czech Republic.

(5) The payment of fines shall be enforced by the Office.

Section 29

(1) The costs incurred by the Office in connection with the conduct of audits shall be borne by the Office.

(2) Costs incurred by audited person in connection with the conduct of audits shall be borne by such persons with the exception of costs incurred in connection with the assertion of the right specified in Section 21 of this Act under (g). These costs shall be borne by the Office. The liability for any damage caused to audited persons in connection with the conduct of audits shall be borne by the State; it may not relieve itself of this liability.

(3) Any claim to reimbursement of costs incurred pursuant to the provisions of paragraph 2 shall have to be asserted with the Office not later than within six months of the day such costs were incurred, or else the claim shall be relinquished.

Section 30

(1) All approved audit conclusions shall be published by the President of the Office in the Office Bulletin and he shall send them without delay to the Chamber of Deputies, the Senate, the Government and, upon request, to the ministries. The President of the Office shall send the approved audit conclusions also to the Czech National Bank if the Bank is the audited person.

(2) Upon request, the Office shall supply the Chamber of Deputies, the Senate and the Government with the audit protocols and other background material for the approved audit conclusions. The persons who have acquainted themselves with such documents shall be subject mutatis mutandis to the provisions of Section 22, par. 2, subpar. (f), and Section 23 of this Act.

(3) The procedure of handling audit conclusions pursuant to the provisions of paragraphs 1 and 2 shall not apply to those audit conclusions, which contain facts covered by a special Act.⁴⁾ In cases where audit protocols used for drawing up audit conclusions have been passed to authorities engaged in criminal proceedings, such records may be published only with the consent of the competent authority.

(4) The method of handling the audit conclusions referred to in paragraph 3 shall be set by the Board of the Office.

Section 31

Save for the provisions of Section 28 of this Act, proceedings under these Audit Rules shall not be subject to the Code of Administrative Procedure⁷⁾.

PART FIVE FINANCING AND MANAGEMENT OF THE OFFICE

Section 32 Financing of the Office

(1) The operational costs of the Office shall be covered from the State Budget of the Czech Republic.

(2) The Office shall have its separate chapter in the State Budget of the Czech Republic, which chapter shall be a component part of the Act on the State Budget of the Czech Republic.

(3) The draft budget shall be submitted by the President of the Office for approval to the Board of the Office.

(4) The draft of the budgetary chapter of the Office, approved by the Board of the Office, shall be submitted by the President of the Office to the Chamber of Deputies and at the same time to the Ministry of Finance.

Section 33 Management of the budgetary chapter of the Office

(1) Save where this Act provides differently, management of the budgetary chapter of the Office shall be the same as in the case of state administration authorities.

(2) The Chamber of Deputies or the body established or authorized thereby for this purpose shall audit management by the Office of state property, including the funds of the state budget within the chapter of the Office.

(3) The final account of the budgetary chapter of the Office shall be submitted by the President of the Office to the Chamber of Deputies together with a report on the verification of the annual statement of accounts by an auditor.

(4) The final account of the budgetary chapter of the Office shall be submitted by the President of the Office to the Ministry of Finance for inclusion in the draft of the state final account of the State Budget, together with the opinion of the Chamber of Deputies or its body, if such opinion was adopted.

PART SIX JOINT PROVISIONS

Disciplinary responsibility Section 34

The President, the Vice-President and the members of the Office shall be accountable for disciplinary offences.

Section 35

(1) A disciplinary offence is a culpable violation of the duties of the President, the Vice-President and members of the Office, ensuing from this Act, or their conduct whereby they impair the dignity or undermine confidence in the independence and impartiality of their own person or of the Office.

(2) The conduct referred to in paragraph 1 constitutes a serious disciplinary offence when in view of the character of the breach of duty, the behaviour, the degree of culpability, recurrence or other aggravating circumstance the damaging effect of such conduct is increased.

Section 36

The accountability of the President, the Vice-President and the members of the Office for disciplinary offences shall cease upon the expiration of one year from their commission.

Disciplinary Chamber of the Office Section 37

Disciplinary responsibility shall be established and disciplinary penalties shall be imposed by the Disciplinary Chamber of the Office.

Section 38

(1) The Disciplinary Chamber of the Office shall consist of its chairman and two members.

(2) The chairman of the Disciplinary Chamber of the Office shall be the President of the Office. The two other members and their substitutes shall be appointed by the Chief Justice of the Supreme Court from the ranks of the Justices of that Court.

(3) When a motion to institute disciplinary proceedings is directed against the President of the Office, the Disciplinary Chamber shall be chaired by the Vice-President of the Office.

Disciplinary proceedings

Section 39

(1) Disciplinary proceedings shall be initiated by the Disciplinary Chamber of the Office on the motion of the President, the Vice-President or a member of the Office, of a Deputy or bodies of the Chamber of Deputies, or on its own initiative.

(2) Proceedings in the Disciplinary Chamber of the Office shall be governed by the Disciplinary Rules.

Section 40

(1) Proceedings in the Disciplinary Chamber of the Office shall be closed to the public.

(2) Minutes shall be drawn up of the proceedings in the Disciplinary Chamber of the Office.

Section 41

The chairman of the Disciplinary Chamber of the Office shall notify the person who is being subjected to disciplinary proceedings that disciplinary proceedings have been initiated and shall advise such person of his rights.

Section 42

(1) The Disciplinary Chamber of the Office shall discontinue the disciplinary proceedings when:

- (a) the person against whom the proceedings are conducted resigns from his office,
- (b) the responsibility for the respective disciplinary offence has ceased,
- (c) for the same act transgression proceedings or criminal prosecution have already been initiated, or a final decision has been made in the same case.

(2) The Disciplinary Chamber of the Office shall suspend disciplinary proceedings when it feels that the acts of which the President of the Office, the Vice-President of the Office or a member of the Office are being charged have the attributes of a crime, and shall refer the case to the competent body active in criminal proceedings.

(3) When the Disciplinary Chamber of the Office reaches the conclusion that the President of the Office, the Vice-President of the Office or a member of the Office did commit a disciplinary offence, it shall rule on the disciplinary penalty to be imposed.

(4) When the Disciplinary Chamber of the Office reaches the conclusion that the President of the Office, the Vice-President of the Office or a member of the Office did not commit a disciplinary offence, or that there is no evidence proving that he did so, it shall acquit him.

Section 43

(1) Rulings of the Disciplinary Chamber of the Office shall be executed in written form and shall be delivered to the member of the Office against whom the disciplinary proceedings were conducted.

(2) An appeal may be filed with the Supreme Court against rulings of the Disciplinary Chamber of the Office within fifteen days of their delivery. The appeal shall have dilatory effect.

Section 44 **Disciplinary penalties**

(1) Either of the following disciplinary penalties may be imposed for a disciplinary offence:

- (a) reprimand,
- (b) reduction of pay of as much as 15 per cent for a period of not more than three months.

(2) Either of the following disciplinary penalties may be imposed for a serious disciplinary offence or for a repeated disciplinary offence:

- (a) reduction of pay of 15 per cent for a period of not more than six months,
- (b) proposal for recall of the respective member of the Office,
- (c) proposal for recall of the President of the Office or the Vice-President of the Office.

Section 45 **The Office Bulletin**

(1) The Office shall publish the Office Bulletin on a regular quarterly basis.

(2) The Office Bulletin shall contain in particular:

- (a) the rules of procedure of the Board of the Office and of the Senates of the Office,
- (b) the Disciplinary Rules,
- (c) the plan of audit activities,
- (d) the annual report,
- (e) all audit conclusions with the exception of those which include facts to which applies special legislation.⁴⁾

Pay, benefits and compensations

Section 46

The salaries and the benefits of the President of the Office and of the Vice-President of the Office shall be governed by special law.⁸⁾

Section 47

(1) to (10) (The paragraphs were abrogated)

(11) Members of the Disciplinary Chamber of the Office shall be entitled to a lump-sum compensation for the performance of their office, amounting to 1000 CZK a month.

Section 48

Save where this Act provides differently, the President of the Office, the Vice-President of the Office and members of the Office shall be subject to the provisions of the Labour Code.

PART SEVEN INTERIM AND FINAL PROVISIONS

Section 49

- (1) The Board of the Office shall be convened by the President of the Office within fifteen days after the election by the Chamber of Deputies of not less than ten members of the Office.
- (2) At the first session of the Board of the Office shall submit the drafts of the rules of procedure of the Board of the Office and of the Senates of the Office.
- (3) The President of the Office shall submit the draft of the Disciplinary Rules to the Board of the Office not later than within two months after the first session of the Board of the Office.

Section 50

- (1) The Ministry of State Control and the Supreme Control Office of the Czech Republic are hereby abolished.
- (2) The rights and obligations ensuing from labour-law relations, and from property and other relations shall pass from the Ministry of State Control of the Czech Republic and from the Supreme Control Office of the Czech Republic to the Office.
- (3) Protocols, audit findings and other background documents from audits initiated prior to the day this Act enters into effect shall be used by the Office in its work, provided they are in keeping with the provisions of this Act.

Section 51

The following laws and legal provisions are hereby repealed:

1. Constitutional Act of the Czech National Council No. 481/1991, constituting the Audit Office of the Czech Republic,
2. Act of the Czech National Council No. 61/1992, on the Supreme Audit Office of the Czech Republic,
3. Section 2, subpar. (a), and Sections 5, 6 and 7 of the Act of the Czech National Council No. 552/1991, on state control,
4. Section 1, point 15, and Section 18 of the Act of the Czech National Council No. 2/1969, on the constitution of ministries and other central agencies of state administration of the Czech Republic, as subsequently amended,
5. Section 6, Article IV of the Act of the Czech National Council No. 10/1993, on the State Budget of the Czech Republic for 1993, and on the amendment of some Acts of the Czech National Council and of some other regulations.

Section 52

This Act shall enter into effect on the 1st of July, 1993.

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- *) A very special term distinguishing this kind of report from the others.
 - 2) the Act No. 451/1991 Coll., which sets up some additional requirements to perform some functions at the state authorities and organizations
 - 3) Section 12 paragraphs 1 and 3 of the Charter Of Fundamental Rights And Basic Freedoms, No. 92/1993 Coll.
 - 4) The Act No. 148/1998 Coll., on protection of confidential information.....
 - ***) Strictly prescribed form of a record elaborated on auditing results at the single audited person.
 - 5) E.g. Section 8 of the Act No. 141/1961 Coll., Criminal Procedures Code, as amended by later regulations.
 - 6) Section 116 of the Civil Code.
 - 7) The Act No. 71/1967 Coll., the Administrative Procedures Code.
 - 8) The Act No. 236/1995 Coll., on salaries and benefits of the representatives of the state power.