

# **Appointment of Auditors for the State of Bosnia and Herzegovina**

The Office of the High Representative welcomes the appointments of the auditors for the State of Bosnia and Herzegovina by the Parliamentary Assembly this week.

Establishing audit institutions, as an independent system of auditing financial activities of all levels of government, is one of the principal elements of institutional reform of Bosnia and Herzegovina. The introduction of a system of independent external audits strengthens the management of public resources, increases transparency in public finances, makes public officials more accountable and ultimately makes the administration more efficient as a whole.

The Office of the High Representative remains concerned with the slow progress in appointing auditors in the Entities and the consequences for the management of finances of these governments. Government at all levels in Bosnia and Herzegovina must be accountable to its citizens and taxpayers. Independent auditing promotes transparent budgets, public accountability and good governance, which is of the highest importance for the development of a market economy and democracy as well as the establishment of conditions conducive to investment and business.

Appointments of auditors at all levels of government are a precondition for the second installment of the World Bank Public Finance Structural Adjustment Credit II. These appointments are also a prerequisite for long-term institutional support by the Swedish International Development Agency and the Swedish National Audit Office to the audit institutions in Bosnia and Herzegovina.

The Peace Implementation Council in its Madrid Declaration of December 1998, recommended the creation of a Supreme Audit Institution, which would strengthen the Common Institutions, enhance the management of public finances and ensure transparency.