# CODE ON GOVERNMENT AUDITING OF THE KINGDOM OF ARLANDICA

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## PREAMBLE

We, the people of the Kingdom of Arlandica, in our unwavering commitment to transparency, accountability, and integrity in governance, hereby establish this Code on Government Auditing as a fundamental framework to uphold the efficient, ethical, and responsible management of public funds. This Code is enacted to safeguard national resources, prevent financial mismanagement, and promote a culture of financial discipline across all governmental institutions, agencies, and instrumentalities. Recognizing that donated funds are entrusted to the government for the service and welfare of the people, we affirm that all expenditures, revenues, and financial transactions must adhere to the principles of honesty, prudence, and sound fiscal management. Through this Code on Government Auditing, we aim to strengthen institutional oversight, establish clear auditing standards and procedures, and ensure that public funds are utilized solely for their intended purposes.

## ARTICLE I - GENERAL PROVISIONS

**Section 1**. This Code shall be known as the Code on Government Auditing of the Kingdom of Arlandica.

**Section 2**. The purpose of this Code is to establish a framework for transparent, accountable, and efficient financial management in all government ministries, agencies, and state-owned businesses of the Kingdom of Arlandica.

**Section 3**. This Code shall apply to all government entities, including ministries, agencies, state-owned businesses, provinces, crown dependencies, and any institution handling public funds.

**Section 4**. This Code is enacted in accordance with Section 199 under Article 10 of the Constitution of Arlandica, empowering the Ministry of Treasury and Finance (MOTF) to regulate and oversee financial transactions in the Kingdom.

**Section 5**. Government auditing shall be guided by the following principles:

(1) **Transparency**: All financial records shall be accessible to the public, except those classified under national security.

(2) **Accountability**: Public officials and employees shall be responsible for the proper use of public funds.
(3) **Efficiency and Economy**: Government resources shall be used optimally for the benefit of the nation.
(4) **Legality**: All financial transactions shall comply with Arlandican laws and regulations.

**Section 6**. The Supreme Court of Arlandica (SCA) shall oversee the implementation of this Code and conduct audits on government entities.

**Section 7**. The MOTF shall ensure Arlandica remains financially sustainable through alternative means, including:
(1) Accepting donations, grants, and voluntary contributions to support national development projects;
(2) Establishing fundraising programs to generate revenue for government initiatives; and
(3) Developing self-sustaining economic activities in coordination with relevant ministries.

**Section 8**. All government entities shall submit an annual financial report to the MOTF, detailing revenue sources, expenditures, and fund allocations.

**Section 9**. Each government entity shall implement internal control mechanisms to prevent mismanagement, fraud, and unauthorized expenditures.

**Section 10**. The MOTF shall publish audited financial statements annually to ensure public accountability, except for classified expenditures.

**Section 11**. Any official found guilty of misuse, misappropriation, or embezzlement of public funds shall face penalties in accordance with Article 7 of this Code.

**Section 12**. Funds allocated for national emergencies and disasters shall be strictly monitored to prevent corruption and ensure timely aid distribution.

**Section 13**. The Governor-Representatives of provinces and crown dependencies shall comply with financial regulations set by the MOTF and are subject to regular audits.

**Section 14**. All state-owned businesses and enterprises shall be subject to financial audits to ensure they operate transparently and profitably.

**Section 15**. All foreign financial assistance received by the government shall be fully documented and audited to prevent misuse.

**Section 16**. Funds classified under national security and defense shall be audited through a special closed-door process overseen by the Supreme Court.

**Section 17**. No government official shall authorize or approve expenditures not covered by an official budget allocation, except in cases of emergency with proper documentation.

## ARTICLE II – THE SUPREME AUDIT AUTHORITY

**Section 18**. The Office of the Auditor-General (OAG) is hereby established as the supreme auditing authority under the Ministry of Treasury and Finance (MOTF). It shall serve as the independent body responsible for overseeing and regulating all financial transactions of the government, ensuring compliance with financial laws, and maintaining transparency and accountability in public financial management.

**Section 19**. The Ministry of Treasury and Finance (MOTF) shall supervise and provide administrative support to the OAG while maintaining its financial oversight functions. However, the OAG shall operate independently in conducting audits, investigations, and financial assessments. The MOTF shall ensure that the OAG receives the necessary resources to perform its duties effectively, as stipulated in Act of Parliament No. 68, also known as "An Act for the Establishment of the Ministry of Treasury and Finance and the Formulation of the Code on Government Auditing."

**Section 20**. The Auditor-General shall be appointed or dismissed by the monarch upon the recommendation of the MOTF. The appointment of Auditor-General shall meet the following qualifications:

(1) Must be a citizen of the Kingdom of Arlandica;

(2) Must have knowledge in auditing, finance, or public administration; and

(3) Must possess integrity, impartiality, and competence in fiscal management.

**Section 21**. The Auditor-General shall serve at the monarch's pleasure, unless removed due to incompetence, misconduct, or inability to perform duties.

**Section 22**. The OAG shall operate independently and shall not be subject to undue influence from any political or governmental body in the performance of its functions.

**Section 23**. The OAG shall have the authority to:

(1) Conduct audits of all government ministries, agencies, provinces, crown dependencies, and state-owned enterprises;

(2) Examine financial records, reports, and expenditures of government entities;

(3) Investigate cases of fraud, corruption, or misuse of public funds;

(4) Recommend corrective actions to ensure compliance with financial regulations; and

(5) Publish audit reports and submit them to the monarch and Parliament.

**Section 24**. All government agencies, state-owned enterprises, provinces, and crown dependencies shall be under the jurisdiction of the OAG for auditing and financial oversight purposes.

**Section 25**. The OAG shall have full access to financial records, accounts, and transactions of all government entities, except those classified for national security.

**Section 26**. Each government ministry, agency, and administrations of provinces and crown dependencies shall be subject to a comprehensive audit at least once every one (1) fiscal year.

**Section 27**. All government-owned businesses shall be audited to ensure financial integrity and operational efficiency.

**Section 28**. The OAG may conduct special audits in cases of suspected fraud, corruption, or financial mismanagement.

**Section 29**. Each government ministry, agency, and the administrations of provinces and crown dependencies shall be subject to an annual comprehensive audit.

**Section 30**. The OAG shall publish an annual Audit Report, accessible to the public, except for classified matters.

**Section 31**. The Auditor-General, which handles classified financial matters, shall be legally bound to maintain confidentiality, except when disclosure is required by law.

**Section 32**. All foreign financial assistance, loans, and grants received by the government shall be audited for transparency and proper utilization.

**Section 33**. The OAG shall ensure that funds allocated for disaster relief, national emergencies, and security operations are properly spent.

**Section 34**. In the event that the Office of the Auditor-General (OAG) is non-functional due to the absence of an appointed Auditor-General, the MOTF shall assume all responsibilities assigned to the OAG.

**Section 35**. Once an Auditor-General is appointed, all auditing functions shall be transferred back to the OAG, and the MOTF shall resume its regular financial oversight duties.

**Section 36**. The MOTF shall conduct financial risk assessments to identify potential threats to national economic stability and recommend appropriate measures.

## ARTICLE III – SCOPE OF AUDIT

**Section 37**. All government entities shall be subject to audits conducted by the Office of the Auditor-General (OAG) to ensure transparency, efficiency, and accountability in financial management.

**Section 38**. The OAG shall conduct financial audits to examine and verify the accuracy and fairness of financial statements, ensuring that all government entities comply with applicable financial reporting standards and regulations.

**Section 39**. The OAG shall conduct compliance audits to determine whether government entities adhere to established laws, policies, regulations, and contractual agreements in their financial and operational activities.

**Section 40**. The OAG may initiate special audits in response to specific requests from the monarch, parliament, or the Minister of Treasury and Finance (MOTF) to investigate particular financial concerns, irregularities, or emergencies.

**Section 41**. The OAG may compile financial audits and compliance audits into a single consolidated audit report or separate documents, depending on operational requirements and reporting preferences.

**Section 42**. The OAG shall compile and publish annual audit reports summarizing the findings, recommendations, and actions taken based on government audits. These reports shall be submitted to the Parliament and the monarch for review, with government entities determining whether to present a unified or segmented report.

**Section 43**. The Auditor-General, at their discretion, may exempt a government entity or multiple entities from a full audit if their total expenditures within the fiscal year are deemed minimal and do not significantly impact national finances.

**Section 44**. Entities seeking audit exemption must submit a report to the OAG, demonstrating limited spending and adherence to financial regulations.

**Section 45**. If new financial activities arise, or if there is a suspicion of mismanagement, the Auditor-General may revoke the exemption and require a full audit.

## ARTICLE IV – AUDIT STANDARDS AND PROCEDURES

**Section 46**. The following is the recommended standard format for financial and/or special audits:

| Date | Category | Description | Quantity | Amount (AR$) | Status |
|---|---|---|---|---|---|
| Example: MM-DD-YYYY | Example: Law Enforcement | Example: Uniforms | Example: 10 | Example: 100,000 | Example: Approved, Pending, or Verified |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

**Summary of Findings**:

**Total expenses**: [amount in Arlandican dollar]

**Approved**: [amount in Arlandican dollar]

**Pending**: [amount in Arlandican dollar]

**Audited by**: [name of the Auditor-General with signature]

**Date**: [MM-DD-YYYY]

**Verified**: The expense has been checked, and proof confirms it is legitimate.

**Pending**: The expense is recorded, but verification is still needed.

**Approved**: The expense has been reviewed and authorized for payment or reimbursement.

**Section 47**. The following is the recommended standard format for compliance audit:

| **Criteria** | **Compliance Status (✓/X)** | **Remarks / Findings** |
|---|---|---|
| Example:<br>Policies and regulations followed | Example:<br>✓ | Example:<br>n/a or regulations violated |
| | | |
| | | |
| | | |

**Summary of Findings**:

**Total Compliant Areas**: ___/___

**Total Non-Compliant Areas**: ___/___

**Critical Issues Identified**: [state the remarks / findings]

**Recommend Actions**: [state the recommended actions to address the issue]

**Audited by**: [name of the Auditor-General with signature]

**Date**: [MM-DD-YYYY]

**Section 48**. The OAG must be honest and transparent in all financial reviews.

**Section 49**. The OAG shall be conducted without bias or conflicts of interest.

**Section 50**. Financial and audit information must be kept secure and private.

**Section 51**. Government officials must take full responsibility for financial records and audits.

**Section 52**. The Auditor-General and any other designated auditors must adhere to ethical and professional standards.

**Section 53**. All audit reports must be precise and based on verified data.

**Section 54**. Audits must be completed within the required period.

**Section 55**. All financial activities shall be audited equally, without favoritism.

**Section 56**. Financial records shall be accessible to authorized officials and subject to review.

**Section 57**. All financial activities must be properly documented.

**Section 58**. Every financial transaction must have supporting receipts or documents.

**Section 59**. Reports must be updated and submitted by the Auditor-General within the designated timeframe set by the Parliament or the monarch.

**Section 60**. All financial allocations and expenses must be recorded.

**Section 61**. A record of all audits conducted must be maintained for reference.

**Section 62**. No financial transaction shall proceed without proper approval and signatures.

**Section 63**. Both digital and physical financial records must be protected from loss or tampering.

**Section 64**. Copies of essential financial records must be stored securely.

**Section 65**. Any modifications to financial records must be properly documented.

**Section 66**. Financial records must be preserved for a specified period before disposal.

**Section 67**. Any suspected fraud or misconduct must be reviewed and addressed.

**Section 68**. Corrective measures must be applied based on audit results.

**Section 69**. Financial resources must be used strictly for official purposes.

**Section 70**. The OAG shall verify the accuracy and completeness of financial statements and supporting documentation of audited entities.

## ARTICLE V – ACCOUNTABILITY AND RESPONSIBILITIES OF GOVERNMENT OFFICIALS

**Section 71**. All government officials must ensure the responsible, transparent, and efficient use of public funds, adhering to established financial policies and regulations.

**Section 72**. Officials handling financial transactions must maintain accurate, complete, and up-to-date records, ensuring all expenditures and revenues are documented with proper supporting documents.

**Section 73**. No official shall use, divert, or misappropriate public funds for personal gain or unauthorized purposes.

**Section 74**. Officials must disclose any personal or financial interest that may influence their decisions and must abstain from any transactions where a conflict exists.

**Section 75**. Financial audits, compliance audits, and special audits shall be classified as internal audits, as they are conducted by the Office of the Auditor-General (OAG) to assess financial accuracy, regulatory adherence, and specific concerns within the government.

**Section 76**. Independent external audits may be conducted by accredited entities outside the Arlandican government to ensure transparency, credibility, and compliance with international or financial standards. Such audits must be authorized by the OAG.

**Section 77**. All officials must uphold integrity, professionalism, and impartiality in handling financial matters, prioritizing the best interests of the micronation and its citizens.

## ARTICLE VI – SPECIAL AUDITS AND INVESTIGATIONS

**Section 78**. The Auditor-General shall have the exclusive authority to initiate and oversee special audits and investigations when:
(1) A government entity is suspected of financial mismanagement or corruption.
(2) There is a formal complaint or credible intelligence regarding financial irregularities.
(3) A directive is issued by His Majesty's Office or the Parliament.

**Section 79**. Special audits may cover, but are not limited to:
(1) Misuse of government funds and unauthorized expenditures.
(2) Fraudulent financial reporting or misrepresentation of accounts.
(3) Unauthorized procurement, contract irregularities, and asset misappropriation.
(4) Internal control weaknesses leading to potential financial risks.

**Section 80**. The Auditor-General shall conduct preliminary assessments before launching a full investigation.

**Section 81**. The Office of the Auditor-General (OAG) may request assistance from the Civil Guards of Arlandica (CGA) and the Royal Arlandican Intelligence Directorate (RAID), both of which operate under the Ministry of Defense (MDE), to support financial crime investigations and evidence gathering.

**Section 82**. All special audits and investigations shall be conducted with strict confidentiality. Any unauthorized disclosure of information related to an ongoing investigation shall be subject to penalties under applicable laws.

**Section 83**. The findings of special audits and investigations shall be compiled in a formal report and submitted to the Auditor-General.

**Section 84**. A copy of the report shall be provided to the Supreme Court for appropriate action.

**Section 85**. While maintaining confidentiality during investigations, summarized findings of completed special audits may be published in official government reports to uphold public trust.

## ARTICLE VII – PENALTIES AND SANCTIONS

**Section 86**. This article establishes penalties and sanctions for violations of the auditing code, including the misuse of funds, non-compliance with audit requirements, and obstruction of audit processes.

**Section 87**. Violations of the auditing code shall be classified into three levels:
(1) Minor Violations: Failure to submit financial records on time, minor errors in reporting, or lack of cooperation with audit procedures.
(2) Major Violations: Repeated non-compliance, deliberate misrepresentation of financial data, unauthorized use of funds, or obstruction of audit investigations.
(3) Severe Violations: Embezzlement, corruption, fraudulent activities, destruction of audit-related evidence, and other grave offenses that harm the financial integrity of Arlandica.

**Section 88**. The following penalties shall be imposed depending on the severity and recurrence of the offense:
(1) First Offense: Fine of AR$20,000.
(2) Second Offense: Fine of AR$50,000 and temporary suspension from government duties for six (6) months.
(3) Third Offense: Fine of AR$100,000, permanent suspension from any government position, revocation of Arlandican citizenship seizure of micronational digital or symbolic assets, including titles and

decorations, and report to macronational authorities for further legal action, to be conducted by the Ministry of Treasury and Finance (MOTF).

**Section 89**. Any individual or entity that obstructs or interferes with audit procedures, including refusing to provide documents, falsifying records, or intimidating authorities, shall face:
(1) An immediate fine of AR$20,000; and
(2) A formal investigation by the Office of the Auditor-General (OAG).

**Section 90**. Any individual or entity found guilty of financial misconduct must fully return misused or embezzled funds.

**Section 91**. Failure to comply with restitution orders shall result in asset forfeiture or other legal actions.

**Section 92**. The Office of the Auditor-General (OAG) shall be responsible for enforcing penalties and ensuring compliance with sanctions. The Ministry of Treasury and Finance (MOTF) shall oversee financial restitution and reports to macronational authorities if necessary.

**Section 93**. Individuals or entities subject to penalties may appeal their case to the Supreme Court of Arlandica (SCA) within 20 days of receiving a sanction.

## ARTICLE VIII – AUDIT OVERSIGHT AND REVIEW

**Section 94**. The Office of the Auditor-General (OAG) may seek an independent peer review from trusted foreign micronations or micronational auditing alliances to enhance credibility. The review shall remain advisory.

**Section 95**. Any individual or government entity subject to an audit shall have the right to appeal findings they believe are incorrect or unjust.

**Section 96**. Appeals must be submitted to the OAG within 20 days from the release of the audit report.

**Section 97**. The appealing party must submit a formal request for reconsideration to the OAG, along with supporting evidence.

**Section 98**. The OAG shall conduct a reassessment of the findings within seven (7) days of receiving the appeal.

**Section 99**. The OAG may either modify, uphold, or dismiss the audit findings based on the appeal.

**Section 100**. If dissatisfied with the OAG's ruling, the appealing party may escalate the case to the Supreme Court.

**Section 101**. The Supreme Court shall conduct a formal hearing and review of the case within 20 days.

**Section 102**. The Supreme Court has the authority to confirm, revise, or nullify the findings of the OAG.

**Section 103**. The Supreme Court's ruling shall be final and binding.

**Section 104**. If fraud, corruption, or financial misconduct is confirmed, the penalties outlined in Article 7 of this Code shall apply.

**Section 105**. If the appeal is successful, any erroneous audit findings shall be corrected or nullified.

**Section 106**. The OAG may request assistance from the Civil Guards of Arlandica (CGA) and the Royal Arlandican Intelligence Directorate (RAID), under the Ministry of Defense (MDE), in conducting special investigations.

**Section 107**. The Ministry of Treasury and Finance (MOTF) shall oversee the enforcement of audit rulings and ensure compliance with financial regulations.

## ARTICLE IX – AMENDMENTS

**Section 108**. The monarch holds the exclusive authority to propose and implement amendments to the Code on Government Auditing.

**Section 109**. The monarch may enact amendments without requiring approval or consultation from the Parliament.

**Section 110**. If amendments are proposed by the Parliament, they must be submitted to the monarch for approval.

**Section 111**. Any proposed amendments from the Parliament are required to obtain a majority vote from its members.

**Section 112**. If the monarch approves the proposed amendment, it shall be officially incorporated into the Code.

**Section 113**. If the monarch rejects the proposed amendment, the Parliament may revisit and revise the proposal for further consideration.

**Section 114**. The monarch's authority to amend the code shall be exercised responsibly and in conformity with the kingdom's interests.

**Section 115**. Amendments or the new code that are approved by the Monarch shall be officially documented and published to inform the citizens of Arlandica.

## ARTICLE X – TRANSITIONAL PROVISIONS

**Section 116**. All laws, royal decrees, and legal principles in force prior to the enactment of the Code on Government Auditing shall remain in effect unless expressly repealed or inconsistent with this Code.

**Section 117**. If any provision of this Code contradicts a previously established law, the Supreme Court shall determine which shall prevail.

## ARTICLE XI – EFFECTIVITY

**Section 118**. All citizens of the Kingdom of Arlandica shall be bound by this Code and shall respect and uphold its principles and provisions.

**Section 119**. The original copy of this code shall be kept by the Royal family at Santo Niño City.

**On this twenty-third day of March, in the year of our Lord two thousand twenty-five, King Jerold I of Arlandica signed this Code on Government Auditing in Santo Niño City, Arlandica.**

**Approved by:**
His Majesty Jerold I
King of the Kingdom of Arlandica

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