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- 5 February 1997 [shall come into force from 22 February 1997];
- 15 November 2001 [shall come into force from 18 December 2001];
- 13 June 2002 [shall come into force from 12 July 2002];
- 6 March 2008 [shall come into force from 9 April 2008];
- 13 November 2008 [shall come into force from 1 July 2009];
- 17 September 2009 [shall come into force from 1 December 2009];
- 2 September 2010 [shall come into force from 1 October 2010];
- 1 November 2012 [shall come into force from 1 January 2013];
- 13 March 2014 [shall come into force from 11 April 2014].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*¹ has adopted
and the President has proclaimed the following Law:

On Prevention of Squandering of the Financial Resources and Property of a Public Person *[1 November 2012]*

Section 1. Purpose of the Law

The purpose of this Law is to ensure that the financial resources and property of a public person is utilised lawfully and in conformity with the public interest, to prevent the squandering and ineffective utilisation of such financial resources and property, as well as to restrict the corruption of State officials.

[1 November 2012]

Section 1.¹ Application of the Provisions of the Law to Derived Public Persons *[1 November 2012]*

Section 2. Duty to Lawfully Administer the Financial Resources and Property *[1 November 2012]*

(1) Any action by a public person with his or her financial resources must be lawful, that is, any action with the financial resources and property of a public person shall conform to the objectives provided for in external laws and regulations, as well as the procedures laid down in the laws and regulations.

(2) If an institution in which a public person shall keep the financial resources is not determined in the law, the public person is entitled to keep the financial resources only in a credit institution registered in the Republic of Latvia or a branch of a credit institution registered in another European Union Member State in the Republic of Latvia. This provision shall not apply to such State institutions which, in accordance with the laws of Latvia, are located in foreign states.

(3) A capital company of a public person, a capital company in which a public person share in the equity capital separately or combined exceeds 50 per cent, as well as a capital company in which a capital company share of one or several public persons in the equity capital separately or combined exceeds 50 per cent (hereinafter – capital company), shall conform to the basis

¹ The Parliament of the Republic of Latvia

of commercial activity of a public person laid down in the State Administration Structure Law in its action involving the financial resources and property, as well as the obligations and restrictions laid down in this law and other laws and regulations in relation to the referred to capital companies. For the purpose of this Law a capital company is not a private individual.
[5 February 1997; 13 November 2008; 1 November 2012]

Section 3. Duty to Rationally Administer the Financial Resources and Property

[2 September 2010]

A public person, as well as a capital company shall administer the financial resources and property rationally, that is:

1) actions shall be such as to achieve the objective with the minimum utilisation of financial resources and property;

2) property shall be alienated and transferred to the ownership or use of another person at the highest price possible;

3) the ownership or use of property shall be acquired for the lowest price possible.

[6 March 2008; 2 September 2010; 1 November 2012]

Section 4. Restrictions on the Granting of Credits, Issuing of Loans, Provision of Suretyship and Guarantees

(1) If a credit institution is a capital company, it shall grant credit in accordance with the procedures laid down in the Credit Institution Law and other laws and regulations.

(2) A public person and a capital company is prohibited to issue any loans and provide suretyships or guarantees, except the cases stipulated in Paragraphs three, four and five of this Section and other laws.

(3) The provisions of Paragraph two of this Section do not apply to:

1) the cases where a capital company issues loans and provides suretyships and guarantees by evaluating beforehand their conformity with the provisions laid down in Paragraph seven of this Section and receiving a written permission from the holder of shares owned by a public person or a capital company of a public person;

2) *[2 September 2010]*;

3) the suretyships which a local government provides for the debt commitment undertaken by a student for the receipt of a study loan and a student loan stipulated in the Law On Institutions of Higher Education from a credit institution.

(4) If the capital company referred to in the Paragraph two of this Section is privatised or if shares of a public person are privatised or alienated in a capital company, the referred-to permission must be received from the authority which performs the alienation of the public person property.

(5) The shareholder of a public person in the capital company referred to in Paragraph two of this Section and the authority which performs privatisation or alienation, shall establish a suretyship and guarantee register, as well as keep one original of every suretyship or guarantee. Suretyships and guarantees shall not be valid unless they are registered in the relevant register.

(6) If the capital company referred to in Paragraph one of this Section is transferred for privatisation or alienation, as well as in case if public person shares are privatised or alienated in such capital company, the shareholder of a public person shall transfer the relevant register to the authority which performs the alienation of the State property.

(7) It is permitted to issue loans, provide suretyships and guarantees in accordance with the procedures laid down in this Section only when the lender or the provider of suretyships or guarantees has paid all State or local government taxes and wages to employees, as well as the performance of the previous calendar year of the relevant capital company and expediency of

granting a loan, suretyship or guarantee and impact thereof on further activity of the capital company have been assessed.

[5 February 1997; 15 November 2001; 13 June 2002; 6 March 2008; 2 September 2010; 1 November 2012]

Section 5. Prohibition to Transfer a Public Person Property for Use without Compensation

[1 November 2012]

(1) It is prohibited to transfer a public person property to a private individual or capital company for use without compensation.

(2) The provisions of Paragraph one of this Section shall not apply to cases where:

1) [1 November 2012];

2) [1 November 2012];

2¹) a public person authority transfers the State property for use to a public benefit organisation;

2²) [1 November 2012];

3) [1 November 2012];

4) [1 November 2012];

4¹) a derived public person transfers its property for use to a public benefit organisation;

5) a public person transfers its property to a private individual or capital company for the carrying out of the State administration tasks delegated thereto, also for the provision of public person services;

6) transfer of a public person property for use without compensation is allowed in other laws or Cabinet regulations.

(3) If a public person property is transferred for use without compensation, a decision shall be taken thereon. The following information shall be indicated in the decision:

1) the property to be transferred for use without compensation, its volume, book value, condition and description;

2) necessity and expediency of the transfer;

3) the purpose and term of the use of the property to be transferred;

4) the cases when the transferred property shall be returned;

5) other necessary provisions, including the provisions to ensure maintenance and appropriate use of the relevant property.

(3¹) The legal subject to which a property for use without compensation is transferred shall ensure the maintenance of the relevant property, as well as cover the expenses related thereto.

(4) If it is planned to transfer immovable or movable property of a public person for use without compensation for a period of time exceeding five years, the decision thereon shall be taken by the Cabinet or body of a derived public person accordingly, unless it is laid down otherwise in the law or Cabinet regulations.

(5) A decision on transferring a public person property to a public benefit organisation for use without compensation shall be taken by the Cabinet or body of a derived public person. The public person property shall be transferred to a public benefit organisation for use without compensation for a certain period of time, while the relevant association, foundation or religious organisation has the status of a public benefit organisation, but no longer than 10 years. It is possible to transfer a public person property to a public benefit organisation for use without compensation repeatedly.

(5¹) If a public person transfers property to a public benefit organisation for use without compensation and the balance value of the property according to the accounting data does not exceed 1500 euros or the time period for transferring the property for use without compensation does not exceed one month, a decision on transferring such property to a public

benefit organisation for use without compensation shall be taken by such institution of the public person, which possesses the relevant property.

(6) On the basis of a decision on transferring a public person property for use without compensation, a written agreement shall be concluded. The agreement shall also determine the right of the relevant public person authority to control whether the property transferred for use without compensation has been utilised lawfully and expediently.

[6 March 2008; 13 November 2008; 2 September 2010; 1 November 2012; 13 March 2014]

Section 5.¹ Provisions Regarding Transfer of a Capital Company Property for Use without Compensation

(1) In addition to other cases when the transfer of a capital company property for use without compensation may be considered as expedient in accordance with the provisions of Section 3, Clause 1 of this Law, the capital company property may also be transferred to a derived public person or public person authority, or public benefit organisation for use without compensation. Transfer of a capital company property to another capital company or another private individual for the performance of the delegated state administration tasks, also the provision of public person services, may also be considered as expedient.

(2) It shall be allowed to transfer a capital company property to a public benefit organisation for use without compensation only by the decision of the relevant capital company executive body if a consent of the holder of shares owned by a public person or public person capital company has been received and it is planned to use the property to be transferred only for the promotion of culture, art, science, education, sports, environment or health protection, as well as social assistance.

(3) A capital company executive body shall take a decision on transferring a capital company property for use without compensation, in which at least the following information shall be indicated:

- 1) the property to be transferred, its volume, book value, condition and description;
- 2) the necessity and expediency of the transfer;
- 3) the purpose and term of the use of the property to be transferred;
- 4) the cases when the transferred property shall be returned;
- 5) other necessary provisions, including the provisions regarding maintenance and appropriate use of the relevant property.

(4) A written agreement shall be concluded on the basis of the decision on transferring a capital company property for use without compensation. The agreement concluded with a private individual or capital company shall also stipulate the right of the capital company to control whether the property transferred for use without compensation has been utilised lawfully and expediently.

(5) A legal subject to whom a property has been transferred for use without compensation shall ensure maintenance of the relevant property, as well as cover the expenses related thereto.

[1 November 2012]

Section 5.² Provisions Regarding the Use of Road Transport

(1) In addition to the provisions included in this Law and other legal acts regarding the action with a public person property, the provisions regarding the use of road transport of a public person shall be observed also in accordance with this Section.

(2) The road transport owned, possessed or used by a public person, including operational transport, shall be used only for the performance of official duties job responsibilities, duties of office (hereinafter – job responsibilities).

(3) Use of road transport for work needs shall be such use of road transport which is necessary for the performance of the job responsibilities of an official or employee, ensuring the performance of the functions of a public person or public person authority.

(4) Use of road transport shall be considered as use of road transport for work needs also in the following cases:

1) the job responsibilities of the relevant official or employee are related to the necessity to provide him or her with a possibility to return to the performance of the job responsibilities at any time or it is necessary to ensure the performance of the job responsibilities as a matter of special urgency, also in order to prevent emergency situations and their consequences, a threat to public health or safety;

2) the specific character of the job responsibilities of an official or employee provides for their performance in such territory which is impossible to reach by public transport or without the use of public transport due to objective reasons;

3) the safety of public officials is protected;

4) an official or employee is taken from the work place to the place of residence or from the place of residence to the work place, if due to objective reasons it is not possible to use public transport services or its use hampers efficient performance of the job responsibilities.

(5) In order to ensure the conformity with the provisions of this Section, a public person or public person authority shall issue a law or regulation regarding the procedures for the use of road transport, also determining the range of such persons who are allowed to use the relevant road transport in accordance with the provisions of this Section.

[2 September 2010, 1 November 2012]

Section 6. Prohibition to Transfer a Public Person Property for Use with the Intermediation of Private Individuals

A public person or a public person authority, as well as a capital company are prohibited to transfer a public person or capital company property for use to another public person, public person authority or capital company with the intermediation of private individuals. These provisions shall not apply to cases when a lessee has acquired the right to lease the public person property at a public auction.

[1 November 2012]

Section 6.¹ Provisions for Lease of a Public Person Property

[1 November 2012]

(1) Unless provided for otherwise by law or Cabinet regulations, a lease agreement of movable property shall be concluded for a time period which does not exceed five years, a lease agreement of land shall be concluded for a time period which does not exceed 30 years, and a lease contract of another immovable property shall be concluded for a time period which does not exceed 12 years.

(2) A lessor of a public person property shall maintain records of the objects to be leased and leased objects, as well as ensure public accessibility of the information regarding them in conformity with the restrictions of access to information provided for in the laws and regulations.

(3) The procedures for leasing a public person property, methodology for determination of lease payment and exceptions thereto, as well as individual standard provisions to be included in a lease agreement shall be stipulated by the Cabinet.

[17 September 2009; 1 November 2012]

Section 6.² Management of a Public Person Immovable Property

[1 November 2012]

(1) Management of a public person immovable property shall be the task of the possessor of such property, which includes an obligation to ensure the use and maintenance of the immovable property (physical maintenance throughout the entire service thereof) in accordance with the requirements of laws and regulations and to promote its improvement.

(2) A possessor of a public person immovable property shall ensure direct or mediated management of the property by assigning the performance of management activities to an institution subordinated thereto or a capital company whose type of basic activity is immovable property management. The Cabinet shall determine the procedures for assigning the management activities, as well as individual management activities of State immovable property which may be assigned to other State institutions or bodies governed by private law.

(3) The principles and procedures for State immovable property management, as well as the procedures by which information on State immovable property management shall be compiled shall be determined by the Cabinet.

(3¹) The issues referred to in Paragraphs two and three of this Section in relation to a derived public person property shall be determined by a derived public person body.

(4) The provisions of Paragraph three of this Section shall not be applied in relation to the State property which is transferred into possession of the port authority, as well as in other cases determined by the Cabinet.

[2 September 2010; 1 November 2012]

Section 6.³ Lease of the Property Necessary for Ensuring a Public Person Activity from a Private Individual or Capital Company

(1) A public person shall lease an immovable property from a private individual or capital company which is necessary for ensuring a public person activity in accordance with the provisions of this Law and other laws, as well as ensure public accessibility of the information in conformity with the restrictions of the information accessibility provided for in the laws and regulations.

(2) The procedures by which a public person shall lease an immovable property from a private individual or capital company and publish information on the leased immovable properties, as well as the immovable properties to be leased shall be determined by the Cabinet.

[1 November 2012]

Section 6.⁴ Lease of the Capital Company Immovable Property and Lease of the Immovable Property Necessary for Ensuring a Capital Company Activity from Other Persons

(1) If a capital company leases its immovable property or leases the immovable property necessary for ensuring its activity from another person, it has a duty to draw up the lease procedures of the capital company immovable property and the lease procedures of immovable property co-ordinated with the shareholder, as well as to ensure its public availability at the registered office of the capital company and on its Internet home page, if any.

(2) In order to ensure public accessibility of information regarding the immovable property to be leased and immovable property already leased, a capital company shall publish at least the following information on the Internet home page of the State stock company “*Valsts nekustamie īpašumi*” (State Real Estates) free of charge:

1) at least 10 working days before concluding the agreement — address of the immovable property, cadastre number, area, purpose of use and the expected term of validity of the agreement;

2) within 10 working days after concluding the agreement — address of the immovable property, cadastre number, area, purpose of use, tenant, amount of the lease payment and term of validity of the agreement.

(3) In order to ensure public accessibility of information regarding the leased immovable property and the immovable property to be leased, a capital company shall publish at least the following information on the Internet home page of the State stock company “*Valsts nekustamie īpašumi*” (State Real Estates) free of charge:

1) at least 20 working days before concluding the agreement — the preferable location of the immovable property, area, planned amount of the lease payment, expected term of validity of the agreement, purpose of use;

2) within 10 working days after concluding the agreement — address of the immovable property, cadastre number, area, purpose of use, tenant, amount of the lease payment and term of validity of the agreement.

(4) Paragraph two of this Section need not be applied if:

1) a capital company leases its immovable property to a public person;

2) a capital company leases its immovable property to a public service provider in which the share of a public person in the equity capital separately or combined exceeds 50 per cent;

3) a tenant is a capital company which is in the composition of the same group of companies as the lessor capital company;

4) the land is leased for maintenance of a building (structure) located on the land and owned by another person;

5) the leasehold is transferred to the tenant for single use for not more than 10 days.

(5) Paragraph three of this Section need not be applied if:

1) a capital company leases immovable property from a public person;

2) a lessor is a capital company which in the composition of the same group of companies as the tenant — capital company;

3) the land is leased for maintenance of a building (structure) located on the land and owned by the capital company;

4) the leasehold is transferred to the capital company for single use for not more than 10 days.

(6) Application of the exceptions provided for in Paragraphs four and five of this Section shall be determined by the lease procedures of immovable property of the capital company and the lease procedures of immovable property.

[1 November 2012]

Section 7. Prohibition to Alienate a Public Person Property for a Reduced Price

(1) A private individual or a capital company is prohibited to alienate a public person property for an evidently reduced price.

(2) The provisions of Paragraph one of this Section shall not apply to cases where:

1) a public person property is alienated in a public auction;

2) *[1 November 2012]*;

3) *[1 November 2012]*;

4) it is permitted to alienate a public person property for an evidently reduced price in other laws or Cabinet regulations.

[6 March 2008; 2 September 2010; 1 November 2012]

Section 8. Prohibition to Acquire Property in Ownership or for Use, or Utilise Services or Work for an Increased Price

A public person or capital company is prohibited to acquire a property in ownership or for use, or to order services or work for an evidently increased price.

[2 September 2010; 1 November 2012]

Section 9. Restrictions to Pledge the Property

[2 September 2010]

(1) It is prohibited to pledge a property in the possession of state institutions.

(2) It is permitted to pledge shares of a capital company owned by a public person or capital company of a public person, if a consent of the holder of shares owned by a public person or capital company of a public person and the permission of the Minister for Finance have been received beforehand, except the cases when a prohibition to pledge shares is stipulated in the law or articles of association.

(3) A derived public person is permitted to pledge only such property as is not necessary for the performance of its regular functions or the pledging of which is not prohibited by the law or Cabinet regulations.

(3¹) If the State has transferred a property to a derived public person without compensation, it may be pledged only with the consent of the Cabinet by stipulating a condition concerning action with such property. If a derived public person has transferred a property to the State or another derived public person without compensation, it may be pledged by stipulating a condition concerning action with such property only with the consent of the derived public person body which stipulated the condition.

(4) A derived public person property may be pledged only by the decision of the relevant derived public person body.

[6 March 2008; 13 November 2008; 17 September 2009; 2 September 2010; 1 November 2012]

Section 9.¹ Restrictions in Relation to Conclusion of Agreements on Issues Solving of which is the Duty of Officials or Employees of an Institution

(1) A public person is prohibited to conclude agreements on services regarding the issues solving of which is the duty of an official or employee of the relevant institution.

(2) The provisions of Paragraph one of this Section may not be applied if:

1) it is necessary to perform an in-depth expert-examination regarding sectoral issues (development planning, construction, information technologies, medicine, etc.) for the carrying out of the tasks laid down by the institution because the expert-examination cannot be ensured by the scope of competence of officials or employees of the institution, and a service provider is able to perform it more efficiently, taking into account its experience, reputation, qualification and other justified criteria;

2) a scientific institution concludes an agreement for the performance of the scientific activity;

3) it is provided for in law, Cabinet regulations or stipulated by a separate decision of the Cabinet.

(3) A public person or public person authority shall post a relevant notification (parties, subject-matter of the agreement, price, deadline) on its Internet home page within five working days from the conclusion of the agreement referred to in Paragraph two of this Section, except the cases when the notification must be published in accordance with the procedures laid down in another law or Cabinet regulations.

[17 September 2009; 1 November 2012]

Section 9.² Restrictions of Commissioning a Research

When commissioning a research a public person shall observe the restrictions and prohibitions laid down in this Law, the Public Procurement Law and other laws and regulations. The Cabinet shall determine the classification of public person research, the management provisions for commissioning and development, the minimum requirements for documentation of commission and drawing up of a research, as well as the requirements for informing the public.

[1 November 2012]

Section 10. Restrictions on Giving Financial Resources and Property as a Gift (Donating)

(1) A public person is prohibited to give financial resources and property as a gift (donate), except the cases specially provided for in the laws and Cabinet regulations.

(2) A capital company may give financial resources or property as a gift (donate) in accordance with the procedures laid down in Sections 11 and 12 of this Law if the following conditions exist at the same time:

1) the gift (donation) is provided for the promotion of culture, art, science, education, sport, environment or health protection, as well as for the promotion of social assistance;

2) a possibility exists to control the utilisation of the gift (donation);

3) the relevant capital company has paid all taxes to the State or local government and salaries to the staff at the moment of giving the gift (donation);

4) the relevant capital company has worked with profit in the previous accounting year.

(3) Within the meaning of this Law a gift (donation) is the transfer of financial resources or property of a public person or capital company into the ownership of a private individual or another capital company without compensation, as well as the transfer of financial resources or property of a capital company into the ownership of a public person without compensation.

[5 February 1997; 6 March 2008; 2 September 2010; 1 November 2012]

Section 11. Provisions for Giving as a Gift (Donation)

(1) A capital company is allowed to allocate no more than 20 per cent of the profit of the previous accounting year for giving as a gift (donation).

(2) If the amount of an individual gift (donation) does not exceed 1500 euros, a decision on granting thereof shall be taken by the executive body of the relevant capital company.

(3) If the amount of an individual gift (donation) exceeds 1500 euros or the total amount of gifts (donations) given in the calendar year to one recipient of a gift (donation) exceeds 1000 lats, the gift (donation) shall be granted only with:

1) the permission of the Minister for Finance, if a State capital company or a capital company in which the State share in equity capital exceeds 50 per cent, as well as a capital company in which the share of one or several State capital companies in equity capital separately or combined exceeds 50 per cent, wishes to the gift (donation);

2) the permission of the relevant derived public person body, if a derived public person capital company or a capital company in which the derived public person share in equity capital exceeds 50 per cent, as well as a capital company in which the share of capital companies of one or several derived public persons in equity capital separately or combined exceeds 50 per cent, wishes to the gift (donation);

3) the permission of the Minister for Finance and the relevant derived public person body, if the shares of public persons in the equity capital of a capital company do not exceed

50 per cent but the amount of shares owned by them exceeds 50 per cent, as well as if the share of capital companies of several public persons in the equity capital of the capital company does not exceed 50 per cent but the amount of shares owned by them exceeds 50 per cent.

(4) In order to receive the permission referred to in Paragraph three of this Section the relevant capital company shall substantiate the conformity of a gift (donation) with the conditions referred to in Sections 10 and 11 of this Law and expediency. In order for a capital company to receive the referred-to permission, it must receive the consent of the holder of shares owned by a public person or capital company of a public person beforehand.

[2 September 2010; 1 November 2012; 13 March 2014]

Section 12. Contract of Gift (Donation)

(1) If the amount of an individual gift (donation) exceeds 1500 euros, the gift (donation) may be given only by entering into a written contract with the recipient of the gift (donation). The purpose of the gift (donation), as well as the procedures by which the giver of the gift (donation) shall check whether the received financial resources and property have been utilised lawfully and expediently shall be provided for in the contract.

(1¹) If a gift (donation) is not used for the purpose provided for in the contract or other violations of the provisions of the contract are made, the person giving the gift (donation) is entitled to unilaterally withdraw from the contract of gift (donation) and reclaim from the recipient of the gift (donation) the financial resources and property given as a gift (donation) or their value if recovery of the property is not possible.

(2) The contract of gift (donation) shall be entered into on the basis of a standard contract approved by the Cabinet.

(3) *[6 March 2008]*

(4) A true copy of the gift (donation) contract entered into by a local government capital company shall be sent to the audit committee of the relevant local government within 10 days after entering into the contract.

[6 March 2008; 2 September 2010; 1 November 2012; 13 March 2014]

Section 13. Control of Utilisation of Financial Resources and Property

(1) The State Audit Office has the right to examine whether the persons referred to in Section 10, Paragraph three of this Law have lawfully and expediently utilised the financial resources and property given as a gift (donated) or transferred thereto by a capital company for use without compensation.

(2) The audit committee of the local government council has the right to examine whether a private individual or capital company has lawfully and expediently utilised the financial resources and property given as a gift (donated) or transferred for use without compensation by the capital company of the relevant local government or a capital company in which the share of the equity capital owned by the local government exceeds 50 per cent, or a capital company in which the share of the equity capital owned by the capital company of the relevant local government exceeds 50 per cent.

(3) A public person, as well as a capital company which has given its financial resources and property as a gift (donation) to a private individual or another capital company have the right to check whether the granted financial resources and property are utilised lawfully and expediently in accordance with the procedures laid down in Section 12, Paragraph one of this Law.

(4) A public person, as well as a capital company which has transferred its property to a private individual or another capital company for use without compensation have the right to check whether the granted financial resources and property are utilised lawfully and

expediently in accordance with the procedures laid down in Section 5, Paragraph six and Section 5.¹, Paragraph four of this Law.
[1 November 2012]

Section 14. Public Access to the Granting of Gifts (Donations)

The gift (donation) contracts concluded by a public person or capital company, as well as information on the gifts (donations) granted in accordance with the procedures laid down in Section 10 of this Law shall be considered as information of general access and shall be available to everyone in accordance with the Freedom of Information Law.
[6 March 2008; 1 November 2012]

Section 15. Liability for Fulfilment of the Provisions of this Law

(1) Persons who have violated the provisions of Sections 2-12 of this Law shall be held liable according to the law. If the referred-to provisions are violated by a collegial institution, the provisions of the relevant law on liability of members of the collegial institution shall be taken into account when holding members of such institution liable.

(2) If violations of this Law have been detected by the State Audit Office upon performing an audit, the unit audited or its higher institution or official shall inform the State Audit Office regarding the results of evaluating the liability of the persons referred to in Paragraph one of this Section within five months after the decision of the State Audit Office on approving the audit report has entered into effect.

[6 March 2008; 13 March 2014]

Transitional Provisions

[5 February 1997]

1. Authorities which supervise State and local government undertakings and incorporated companies, as well as the holders of the State or local government capital shares in companies in which the State or local government share of equity capital separately or combined exceeds 50 per cent, and an authority performing privatisation shall establish a register of pledges, suretyships and guarantees until 1 May 1996, including therein the pledges, suretyships and guarantees entered into or issued up to the day the Regulation of the Cabinet No. 136 of 10 April 1996, Amendments to the Law On Prevention of Squandering of the Financial Resources and Property of the State and Local Governments, comes into force.

2. With the coming into force of this Law, the Cabinet regulations No. 86 and No. 136, Amendments to the Law On Prevention of Squandering of the Financial Resources and Property of the State and Local Governments, issued in accordance with Article 81 of the Constitution (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 10, 11), are repealed.

3. The functions referred to in Section 4 of this Law regarding State undertakings and companies shall be performed by the non-profit-making organisation State stock company “*Privatizācijas aģentūra*” [Privatisation Agency] up to the moment the Cabinet has issued an order regarding the authority performing the alienation of State property and these functions are transferred to the relevant authority.

[15 November 2001]

4. Section 6.¹ of this Law shall come into force on 1 May 2010. Until 30 April 2010 the Cabinet shall issue the regulations referred to in Section 6.¹, Paragraph three of this Law.
[17 September 2009]

5. The provisions of the Law which were in force during conclusion of the relevant lease agreement shall be applied to lease agreements which were concluded until the day of coming into force of Section 6.¹ of this Law and do not conform to the requirements of Paragraph one of the referred-to Section. The lessor shall consider the possibilities of terminating an agreement which does not conform to the requirements of Section 6.¹, Paragraph one of this Law, and the expediency of such action.
[17 September 2009]

6. The provisions of the Law which were in force during conclusion of the relevant agreement shall be applied to the agreements which were concluded before the day of coming into force of Section 9.¹ of this Law and do not conform to the requirements of Paragraphs one and two of the referred-to Section. A public person shall consider the possibilities of terminating an agreement which does not conform to the requirements of Section 9.¹, Paragraph one of this Law, and the expediency of such action.
[17 September 2009; 1 November 2012]

7. The Cabinet shall issue the regulations referred to in Section 6.² of this Law no later than until 1 January 2011.
[2 September 2010]

8. Until conclusion of the purchase contract of the relevant immovable property to be privatised by the State or local government or completion of the privatisation process Section 6.¹, Paragraph one of this Law shall not be applied, if the lease agreement of the property to be privatised by the State or local government has been concluded before the day of coming into force of the the relevant Paragraph and the term of validity thereof expires during the privatisation process of the relevant immovable property.
[1 November 2012]

9. The Cabinet shall approve a new standard sample contract of gift (donation) provided for in Section 12, Paragraph two of this Law no later than until 1 March 2013. Until the day of coming into force of the relevant Cabinet regulations a public person or capital company shall also determine the procedures in the contract of gift (donation) by which the person granting a gift (donation) shall check whether the received financial resources and property have been utilised lawfully and expediently.
[1 November 2012]

This Law has been adopted by the *Saeima* on 19 July 1995.

Acting for the President,
the Chairperson of the *Saeima*

A. Gorbunovs

Rīga, 2 August 1995