

No. 12 of 1995.

**Audit (Amendment No.2) Act 1995.**

Certified on : 19 07 95

INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 1995.

*Audit (Amendment No.2) Act 1995.*

ARRANGEMENT OF SECTIONS.

1. Interpretation (Amendment of Section 1).
  - "Provincial Audit Service"
  - "Provincial Auditor"
  - "provincial law".
2. Repeal and replacement of Part V.
  - "PART V. - PROVINCIAL GOVERNMENTS AND LOCAL-LEVEL GOVERNMENTS.
  - "16. CONTROL AND AUDIT OF PROVINCIAL ACCOUNTS AND LOCAL-LEVEL GOVERNMENT ACCOUNTS.
  - "16A. PROVINCIAL AUDIT SERVICE."
3. New Section 20AA.
  - "20AA. APPOINTMENT OF PROVINCIAL AUDITORS."
4. New Section 20BA.
  - "20BA. FUNDING OF PROVINCIAL AUDIT SERVICE."
5. Further amendments.

INDEPENDENT STATE OF PAPUA NEW GUINEA.

No.            of 1995.

AN ACT

entitled

*Audit (Amendment No.2) Act 1995,*

Being an Act to amend the *Audit Act 1989* so as to implement the *Organic Law on Provincial Governments and Local-level Governments* insofar as an Act of the Parliament is required to make provision relating to the audit of Provincial Governments and Local-level Governments,

MADE by the National Parliament to come into operation in accordance with the coming into operation of the *Organic Law on Provincial Governments and Local-level Governments*.

1. INTERPRETATION (AMENDMENT OF SECTION 1).

Section 1 of the Principal Act is amended -

- (a) by inserting after the definition of "property" the following new definitions:-

"'Provincial Audit Service' means a Provincial Audit Service established under Section 16A;

'Provincial Auditor' means a Provincial Auditor appointed under Section 113(2) of the *Organic Law on Provincial Governments and Local-level Governments and Section 20AA;*" and

- (b) by repealing the definition of "provincial law" and replacing it with the following:-

"'provincial law', in relation to a province, means -

- (a) a law made by a provincial legislature in accordance with the *Organic Law on Provincial Governments and Local-level Governments;* and
- (b) a law adopted by a Provincial Government in accordance with Section 120 of the *Organic Law on Provincial Governments and Local-level Governments;*".

**Audit (Amendment No. 2)**

**2. REPEAL AND REPLACEMENT OF PART V.**

Part V of the Principal Act is repealed and is replaced with the following:-

**"PART V. - PROVINCIAL GOVERNMENTS AND LOCAL-LEVEL GOVERNMENTS.**

**"16. CONTROL AND AUDIT OF PROVINCIAL ACCOUNTS AND LOCAL-LEVEL GOVERNMENT ACCOUNTS.**

(1) The provisions of this Part apply to all Provincial Governments and Local-level Governments, bodies and projects specified in Subsection (2) notwithstanding any provision to the contrary in any other law and notwithstanding and without regard to any options, limitations, conditions, additions or modifications contained in any other law.

"(2) Subject to this Part, the provisions of Section 214 (*functions of the Auditor-General*) of the *Constitution* extended to the accounts, moneys and property of each -

- (a) Provincial Government; and
- (b) Local-level Government as specified in Section 26(3) of the *Organic Law on Provincial Governments and Local-level Governments*; and
- (c) subsidiary corporation of a Provincial Government; and
- (d) body established by -
  - (i) a provincial law; or
  - (ii) executive or administrative act of a Provincial Executive Council; and
- (e) Provincial Government Association; and
- (f) Provincial Government-owned company; and
- (g) public project, where the repayment or part repayment of the loan is to be made out of provincial moneys.

"(3) The annual report of the Auditor-General on each Provincial Government and Local-level Government for a fiscal year shall be prepared by 30 April in the year succeeding and shall be submitted to -

- (a) the Minister responsible for Provincial Government and Local-level Government matters, who shall table it in Parliament at its meeting immediately following the receipt by him of the report; and
- (b) the Minister responsible for finance matters; and
- (c) the Provincial Government and Local-level Governments concerned; and
- (d) the National Economic and Fiscal Commission.

"(4) The Auditor-General shall, in a report under this section on the financial statements of a Provincial Government or Local-level Government, specify -

- (a) whether the financial statements are based on proper accounts and records; and
- (b) whether the financial statements are in agreement with the accounts and records and whether they show fairly the financial operations for the period which they cover and the state of affairs at the end of that period; and

*Audit (Amendment No.2)*

- (c) whether the receipt and payment and investment of moneys and the acquisition and disposal of assets during the period covered by the financial statements have been in accordance with the *Public Finances (Management) Act* 1995 and the provincial law; and
- (d) such other matters arising out of the financial statements as the Auditor-General considers should be reported.

"(5) The Auditor-General shall, in a report under this section on the financial statements of a relevant body, specify -

- (a) whether the financial statements are based on proper accounts and records; and
- (b) whether the financial statements are in agreement with the accounts and records to which they relate and whether they show fairly the financial operations for the period which they cover and the state of affairs at the end of that period; and
- (c) whether the receipt and payment and (where appropriate) the investment of moneys and acquisition and disposal of assets of the body have been in accordance with its constituent law; and
- (d) such other matters arising out of the financial statements as the Auditor-General considers should be reported.

"(6) The Auditor-General may, in his discretion, dispose with the whole or any part of the detailed inspection and audit of any accounts, moneys and property referred to in Subsection (2).

"(7) The Auditor-General may, in his discretion, for the purpose of assisting him in an audit inspection under Subsection (2), employ a registered company auditor who shall act under the direction of the Auditor-General and on terms and conditions determined by the Auditor-General.

**"16A. PROVINCIAL AUDIT SERVICE.**

The Auditor-General may, by notice in the National Gazette, establish a Provincial Audit Service in a province."

**3. NEW SECTION 20AA.**

The Principal Act is amended by inserting after Section 20A the following new section:-

**"20AA. APPOINTMENT OF PROVINCIAL AUDITORS.**

(1) The Auditor-General shall appoint for each province an officer to be Provincial Auditor for the province.

"(2) The Provincial Auditor shall -

- (a) be Head of the Provincial Audit Service in the province; and

**Audit (Amendment No.2)**

- (b) otherwise assist the Auditor-General to carry out his functions in relation to the province as specified in the *Organic Law on Provincial Governments and Local-level Governments* and in this Act.

"(3) The Auditor-General shall assign to the Provincial Audit Service such additional officers and other officers and employees as he considers necessary."

**4. NEW SECTION 20BA.**

The Principal Act is amended by inserting after Section 20B the following new section:-

**"20BA. FUNDING OF PROVINCIAL AUDIT SERVICE.**

The National Government shall ensure that adequate funding is made available to enable each Provincial Audit Service to carry out its functions."

**5. FURTHER AMENDMENTS.**

The Principal Act is further amended by repealing the words "provincial government" or "provincial governments" (wherever occurring) and replacing them with the following:-

"Provincial Government" or "Provincial Governments".

I hereby certify that the above is a fair print of the *Audit (Amendment No.2) Act 1995* which has been made by the National Parliament.

Clerk of the National Parliament.

I hereby certify that the *Audit (Amendment No.2) Act 1995* was made by the National Parliament of 29 June 1995.

Speaker of the National Parliament.