

# REPRINT

## **PUBLIC FINANCE AND AUDIT ACT (CAP. 120)**

**As in force at: 1 January 2014**

<b>STATUS:</b> <b>CURRENT</b>
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For details see Endnotes
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**AN ACT TO PROVIDE FOR THE CONTROL AND MANAGEMENT OF THE PUBLIC FINANCE OF SOLOMON ISLANDS; FOR THE COLLECTION, ISSUE AND PAYMENT OF PUBLIC MONEYS; FOR THE REGULATION OF PUBLIC DEBT; FOR THE DUTIES AND POWERS OF THE AUDITOR-GENERAL; FOR THE AUDIT AND EXAMINATION OF PUBLIC ACCOUNTS AND OF THE ACCOUNTS OF OTHER BODIES; AND FOR OTHER PURPOSES CONNECTED THEREWITH AND INCIDENTAL THERETO**

## **PUBLIC FINANCE AND AUDIT ACT (CAP. 120)**

### **Table of provisions**

1	Short title	1
<b>PART I</b>	<b>INTERPRETATION .....</b>	<b>1</b>
2	Interpretation	1
<b>PART VI*</b>	<b>THE AUDITOR-GENERAL .....</b>	<b>2</b>
34	Powers and duties of Auditor-General generally	2
35	Legal requirements of the Auditor-General	2
36	Further powers of Auditor-General	3
37	Delegation of functions	4
<b>PART VII</b>	<b>THE AUDIT AND EXAMINATION OF PUBLIC ACCOUNTS .....</b>	<b>4</b>
38	Annual accounts	4
39	Reports on accounts	6
40	Notification of irregularities to Minister	6
41	Auditor-General may dispense with examination of vouchers and audit defective vouchers	6
42	Minister may authorise acceptance of lost, destroyed or defective vouchers	7
43	Public officers to answer queries etc. raised by Auditor- General within reasonable period	7
44	Offences	8
45	Reference to misconduct in office	8
<b>PART VIII</b>	<b>EXAMINATION AND AUDIT OF THE ACCOUNTS OF STATUTORY BOARDS, ETC .....</b>	<b>8</b>
46	Application of Part VIII	8
47	Examination and audit of accounts of statutory bodies	8
48	Audit fees	9

# PUBLIC FINANCE AND AUDIT ACT (Cap. 120)

As in force at: 1 January 2014

## 1 Short title

This Act may be cited as the *Public Finance and Audit Act*.

## PART I INTERPRETATION

### 2 Interpretation

In this Act, unless the context otherwise requires:

**“accountable officer”** means any public officer other than an accounting officer concerned in or responsible for the collection, receipt, custody, issue or payment of public moneys, stores, stamps, investments, securities or negotiable instruments, whether the same are the property of the Government or on deposit with or entrusted to the Government or to any public officer in his official capacity either alone or jointly with any other public officer or any other person;

**“accounting officer”** means any public officer so designated or appointed under section 17 and charged with the duty of accounting for any service for which moneys have been appropriated;

**“Appropriation Act”** means any Act passed in accordance with section 102 of the *Constitution*;

**“Auditor-General”** means the Auditor-General appointed under section 108 of the *Constitution*;

**“Consolidated Fund”** means the Consolidated Fund established by section 100 of the *Constitution*;

**“head”** means the total sum applied to and appropriated for any head of expenditure by an Appropriation Act;

**“Minister”** means the Minister responsible for finance;

**“Permanent Secretary”** means the Permanent Secretary

1

responsible to the Minister;

**“Public Accounts Committee”** means the Public Accounts Committee of Parliament;

**“public moneys”** include:

- (a) all revenues or other moneys raised or received for the purposes of the Government;
- (b) any other moneys or funds held, whether temporarily or otherwise, by a public officer in his official capacity either alone or jointly with any other person whether a public officer or not;

**“public officer”** has the meaning prescribed by section 144 of the *Constitution*;

**“service”** means any activity involving expenditure for which the Government is responsible.

## **PART VI\* THE AUDITOR-GENERAL**

\* In this Part:

- (a) any reference to Government property includes a reference to property held by or on behalf of a Provincial Assembly or Provincial Executive; and
- (b) any reference to a public officer includes a reference to a provincial government officer - Vide Schedule 8, Part II of Act No. 7 of 1981.

### **34 Powers and duties of Auditor-General generally**

The Auditor-General shall have and may exercise all the powers and authority and shall perform the duties conferred and imposed upon him by this Act and by section 108 of the *Constitution*.

### **35 Legal requirements of the Auditor-General**

- (1) In exercising the powers conferred by section 108(3) of the *Constitution* of audit and examination of accounts the Auditor-General may require evidence so far as is reasonably practicable:
  - (a) that all reasonable precautions have been taken to safeguard the collection and custody of revenue and that the Act, Regulations and Instructions relating thereto have been duly

2

observed;

- (b) that moneys which have been appropriated and disbursed have been applied to the purposes for which they were so appropriated, and that the expenditure conforms to the authority which governs it;
  - (c) that public moneys other than those which have been appropriated have been dealt with in accordance with proper authority;
  - (d) that expenditure has been incurred with due regard to economy and the avoidance of waste;
  - (e) that all reasonable precautions have been taken to safeguard the receipt, custody, issue and proper use of Government property including stamps, securities and stores and that the Regulations and Instructions relating thereto have been duly observed; and
  - (f) that adequate Regulations and Instructions exist for the guidance of accounting officers.
- (2) Notwithstanding the provisions of this section, the Auditor-General shall not be required to examine, enquire into or audit the accounts of any trust or other fund or account not provided for in section 108(3) of the *Constitution* or section 38 of this Act unless the officer administering such fund or account has been directed by the Minister in accordance with subsection (2) of that section to prepare, sign and transmit to the Auditor-General an account of such fund or account.

## **36 Further powers of Auditor-General**

- (1) In the exercise of his duties, the Auditor-General or any person duly authorised by him in writing shall have access to all records, books, vouchers, documents appertaining to matters of finance and accounts; and to all cash, stamps, securities, stores or other Government property whatsoever in the possession of any public officer.
- (2) In the exercise of his duties to audit, enquire into and examine accounts the Auditor-General may:

- (a) call upon any officer for any explanations and information which he may require in order to enable him to discharge his duties;
- (b) authorise any person publicly carrying on the profession of accountant or any public officer to conduct on his behalf any enquiry, examination, or audit and such person shall report thereon to the Auditor-General;
- (c) without payment of any fee, cause search to be made in and extracts to be taken from any book, document or record appertaining to matters of public finance or accounts; and
- (d) lay before the Attorney-General a case in writing on any question regarding the interpretation of any Act concerning the powers of the Auditor-General and the discharge of his duties, and the Attorney-General shall give a written opinion upon such case.

### **37        Delegation of functions**

Anything which, under the authority of section 108 of the *Constitution* or of this Act, is directed to be done by the Auditor-General, other than the certifying and reporting of accounts, may be done by any of his staff so authorised by him.

## **PART VII        THE AUDIT AND EXAMINATION OF PUBLIC ACCOUNTS**

### **38        Annual accounts**

- (1) Subject as hereinafter appearing, within a period of six months after the end of each financial year there shall be prepared and transmitted to the Auditor-General:
  - (a) by the Permanent Secretary, signed statements of account showing fully the financial position of Solomon Islands Government at the end of the financial year which shall include:
    - (i) a statement of assets and liabilities;
    - (ii) a statement of receipts and payments;

- (iii) a comparative statement of actual and estimated revenue;
  - (iv) a comparative statement of actual and estimated expenditure;
  - (v) a statement of Special Funds;
  - (vi) a statement of advances;
  - (vii) a statement of deposits;
  - (viii) a statement of guarantees entered into by Government;
  - (ix) a statement of investments;
  - (x) a statement of the public debt;
  - (xi) a statement of outstanding loans made by the Government;
  - (xii) tabular summaries of unallocated stores and manufacturing accounts; and
  - (xiii) a statement of losses, abandoned claims and *ex gratia* payments;
- (b) by each accounting officer, for each financial year and for the heads or the moneys for which he is responsible, such statements of account as the Permanent Secretary may specify:

Provided that in exceptional circumstances which shall be explained to the satisfaction of the Auditor-General the Permanent Secretary may deliver the required documents under paragraph (a) within 180 days of the period specified.

- (2) Within a period of two months after the close of such period of account as may be prescribed in any law relating thereto, or in the absence of such law, at the end of the financial year:
- (a) any officer administering a Special Fund; and

- (b) if so directed by the Minister any officer administering any trust or other fund or account not provided for in this section,

shall prepare, sign and transmit to the Auditor-General an account of such fund or account relating to a period of account in such form as the Permanent Secretary may from time to time require.

### **39 Reports on accounts**

- (1) On receipt of the accounts prescribed by section 38 the Auditor-General shall cause them to be examined and audited and shall, within a period of twelve months after the end of the financial year to which the accounts relate or such longer period as Parliament may approve, certify in respect of each account the result of the examination and audit, and shall within the aforesaid period prepare, sign and transmit to the Speaker a report upon the examination and audit of all such accounts and shall send a copy of such report to the Minister together with copies of the accounts, certified as aforesaid.
- (2) The Speaker shall cause the report of the Auditor-General to be laid before Parliament at its meeting next following the date on which such report was signed.
- (3) The Auditor-General may at any time if it appears to him desirable transmit to the Prime Minister and to the Minister a special report on any matter incidental to his powers and duties under this Act.

### **40 Notification of irregularities to Minister**

If at any time it appears to the Auditor-General that any substantial irregularities have occurred in the receipt, custody, issue or expenditure of public moneys or in the receipt, custody, issue, sale, transfer or delivery of any stamps, securities, stores or other Government property, or in the accounting for the same, he shall immediately bring the matter to the notice of the Minister.

### **41 Auditor-General may dispense with examination of vouchers and audit defective vouchers**

Notwithstanding the provisions of sections 35 and 36, in the examination of any account it shall be lawful for the Auditor-General:



- (a) in cases where it shall appear to him to be reasonable and expedient in the public interest and after satisfying himself that the vouchers have been examined and certified as correct by an accounting officer, to admit and allow without further examination the sums so certified in support of the charges to which they relate; and
- (b) in cases where he is satisfied that the accuracy and propriety of the payment is not in doubt, to admit and allow any voucher supporting such payment notwithstanding that such voucher is defective in some particular.

**42 Minister may authorise acceptance of lost, destroyed or defective vouchers**

In the event that any voucher:

- (a) has been lost or inadvertently destroyed; or
- (b) is defective and is not admitted and allowed by the Auditor-General under the provisions of section 41(b),

the Minister may, if upon due enquiry he is satisfied with the accuracy and propriety of the payment and with the circumstances of such loss, destruction or defect, authorise the payment to stand charged in the accounts, and the Auditor-General shall accept such voucher or dispense with its production as the case may be.

**43 Public officers to answer queries etc. raised by Auditor-General within reasonable period**

- (1) In exercising the powers conferred upon the Auditor-General under Parts VI, VII and VIII, the Auditor-General may stipulate a reasonable period within which any public officer shall answer any queries raised, or submit to him for inspection any records, books, vouchers or other documents pertaining to the audit.
- (2) Any public officer may, at any time within the stipulated period apply to the Auditor-General for an extension of the period within which the public officer is required to comply with the requirements of subsection (1).

- (3) The application under subsection (2) shall include detailed reasons and other relevant information in support of the application.
- (4) The Auditor-General may, after consultation with the Minister extend the period within which a public officer is required to comply with the requirements of subsection (1).
- (5) Where the Auditor-General extends the period within which a public officer is required to comply with subsection (1), the public officer shall comply with that subsection or requirement within the extended period.

#### **44 Offences**

Any public officer who contravenes or fails to comply with the provisions of section 43 is guilty of misconduct in office.

#### **45 Reference to misconduct in office**

The references to 'misconduct in office' in sections 22 and 44 shall for the purposes of this Act be construed as acts of misconduct specified in Chapter VIII of the *Constitution* or the *Public Service Commission Regulations 1979* or any other rules or regulations applying to public officers.

### **PART VIII EXAMINATION AND AUDIT OF THE ACCOUNTS OF STATUTORY BOARDS, ETC**

#### **46 Application of Part VIII**

This Part shall apply to every body corporate established by law to which it may be applied by order by the Minister.

#### **47 Examination and audit of accounts of statutory bodies**

- (1) Notwithstanding anything to the contrary in any law establishing a body corporate to which this Part is applied, the accounts of any such body corporate shall be examined and audited by the Auditor-General.
- (2) In the exercise of his duties under this section the Auditor-General:

- (a) shall have in relation to such bodies corporate, and its members, officers and employees, the same discretion and powers as are conferred upon him by sections 35 and 36 in relation to public officers, public moneys, stamps, securities, stores or other Government property;
  - (b) may authorise any person publicly carrying on the profession of accountant or any public officer to inspect, examine or audit the books and accounts of any body corporate which the Auditor-General may be required to examine and audit pursuant to the provisions of this Part and such person or public officer shall report thereon to the Auditor-General in such manner as the Auditor-General may direct.
- (3) The Auditor-General shall prepare a report on the examination and audit of the accounts referred to in this section and shall transmit the same to the Minister concerned and to the body corporate.
  - (4) On receipt of the report of the Auditor-General required by subsection (3) the Minister concerned shall obtain the observations of the body corporate on any matter to which attention has been called by the Auditor-General in his report thereon and shall cause such accounts, report and observations to be laid before Parliament.
  - (5) If the Minister concerned fails within a reasonable time to lay the report of the Auditor-General before Parliament as required by subsection (4), the Auditor-General shall transmit a copy thereof to the Speaker to be presented to Parliament.

#### **48        Audit fees**

Any body corporate the accounts of which are audited by the Auditor-General under the provisions of this Part shall in respect of such audit pay such fees as may be determined by the Auditor-General.

## ENDNOTES

### 1

#### KEY

amd = amended	Pt = Part
Ch = Chapter	rem = remainder
Div = Division	renum = renumbered
exp = expires/expired	rep = repealed
GN = Gazette Notice	Sch = Schedule
hdg = heading	Sdiv = Subdivision
ins = inserted	SIG = Solomon Islands Gazette
lt = long title	st = short title
LN = Legal Notice	sub = substituted
nc = not commenced	

#### NOTE

This Reprint comprises the Act and amendments as in force on 1 March 1996 and published as Chapter 120 of the Revised Edition of the Laws of Solomon Islands, together with amendments made to the Act since that date.

### 2

#### LIST OF LEGISLATION

##### ***Public Finance and Audit Act (Cap. 120)***

*Constituent legislation:* 21 of 1978 (Commenced 1 September 1978)  
7 of 1981  
11 of 1989

##### ***Public Financial Management Act 2013 (No. 9 of 2013)\****

Assent date 10 October 2013  
Gazetted 1 November 2013  
Commenced 1 January 2014

\* S 90(2) Savings provisions providing certain parts of Public Finance and Audit Act (Cap. 120) shall continue in effect until new Orders and regulations are made. Also the financial instructions made under Cap. 120 shall continue to apply subject to such modifications and adaptations as may be necessary for conformity with the Public Finance Management Act 9/13

### 3

#### LIST OF AMENDMENTS

Pt II	rep by Act No. 9 of 2013
Pt III	rep by Act No. 9 of 2013
Pt IV	rep by Act No. 9 of 2013
Pt V	rep by Act No. 9 of 2013
Pt IX	rep by Act No. 9 of 2013
Pt X	rep by Act No. 9 of 2013

Sch rep by Act No. 9 of 2013