

Session – 1988
Bill No. 78

Government,
Hon. Paul L. Adderley,
6th December, 1990.

A BILL
for

An Act to amend The Financial Administration and Audit
Act

Enacted by the Parliament of the Bahamas.

1.-(1) This Act which amends the Financial Administration and Audit Act may be cited as the Financial Administration and Audit (Amendment) Act, 1990.

(2)a This Act shall come into operation on such date as the Minister of Finance shall appoint by notice in the Gazette.

2. Subsection (1) of section 16 of the principal Act is amended by the deletion of the word “ten” and by the subsection therefor of the word “fifteen”.

3. Section 29 of the principal Act is repealed and replaced by the following sections –

29. – The Auditor-General shall carry out examinations into the economy, efficiency and effectiveness with which any department, authority or other body to which this section applies has used its resources in discharging its functions.

(2) Subsection (1) shall not be construed as entitling the Auditor-General to question the merits of the policy objectives of any department, authority or body in respect of which an examination is carried out.

(3) Subject to subsections (4) and (5), this section applies to –

- (a) Any department in respect of which appropriation accounts are required to be prepared under paragraph (1) of Article 130 of the Constitution;
- (b) Any public corporation or unincorporated body established for a public purpose by, or in accordance with the provisions of a written law; and
- (c) Any authority or body which does not fall within section 29A below and whose accounts are required to be examined and certified by, or are open to the inspection of, the Auditor-General by virtue of any agreement made, whether before or after the coming into operation of this section between that authority or body and a Minister of the Crown.

(4) Where the functions of the Auditor-General in relation to any authority or body falling within subsection (3)(b) or (c) are by the enactment or agreement in question restricted to particular activities of the authority or body, any examination under this section in respect of that authority or body shall be correspondingly restricted.

(5) No examination shall be carried out under this section by the Auditor-General in respect of any authority or body falling within subsection (3)(c) unless the carrying out of such an examination is included (expressly or by implication) in the functions exercisable by him under the agreement in question; but where –

- (a) the agreement was made by a Minister before the coming into force of this section and is not such as to allow any such examination; or
- (b) a Minister makes an agreement after the coming into force of this section for the exercise by the Auditor-General in respect of any authority or body of any such functions as are mentioned in subsection (3)(c), the Minister shall, subject to subsection (6) below, use his best endeavours to secure from the authority or body in question such rights as will enable examinations under this section to be carried out in respect of that authority or body.

(6) Subsection (5) above shall not oblige a Minister to seek to obtain any rights except at the request of the Auditor-General, and the obligations of a Minister under that subsection do not apply to any organization which is the subject of an Order under section 3 of the International Organisations (Immunities and Privileges) Act.

(7) In this section –

“authority” includes any person holding a public office;

“Minister” or “Minister of the Crown” includes any department falling within subsection (3)(a) above and includes any Ministry;

“policy”, in relation to any such department, includes any policy of the government so far as relating to the functions of that department;

and references to an agreement made by a Minister include references to conditions imposed by him in pursuance of any statutory power in that behalf, whether in connection with the provision of financial assistance or otherwise.

29.A – (1) If the Auditor-General has reasonable cause to believe that any authority or body to which this section applies has in any of its financial years received more than half its income from public funds he may carry out an examination into the economy, efficiency and effectiveness with which it has in that year used its resources in discharging its functions.

(2) Subsection (1) shall not be construed as entitling the Auditor-General to question the merits of the policy objectives of any authority or body in respect of which an examination is carried out.

(3) In determining for the purposes of subsection (1) whether the income of an authority or body is such as to bring it within that subsection the Auditor-General shall consult that authority or body and the Treasurer.

(4) This section applies to any authority or body appointed, or whose members are

required to be appointed, by or on behalf of the Government.

(5) For the purposes of this section money is received from public funds if it is paid –

(a) by a Ministry of Department of Government out of moneys provided by Parliament; or

(b) by an authority or body which itself falls within subsection (1), including an authority or body falling within that subsection by virtue of this paragraph;

but, in either case, there shall be disregarded any money paid as consideration for the acquisition of property or the supply of goods or services or as remuneration, expenses, pensions, allowances or similar benefits for or in respect of a person as the holder of an office.

(6) In this section “Income” includes capital receipts and “authority” has the same meaning as in section 29.

Objects and Reasons

Section 29 of the Financial Administration and Audit Act, Chapter 329, requires the Auditor-General to examine and audit the public accounts. The purpose of such audit is to ensure that monies voted by Parliament have been applied to the purposes for which they were approved.

Clause 2 amends section 16 of Chapter 329 to increase the percentage of the estimated ordinary revenue of the Government that may be borrowed from ten to fifteen per centum.

Clause 3 of the Bill replaces that section to impose an additional objective of the audit to be carried out by the Auditor-General. By the new provisions the Auditor-General in addition is to ensure that Government departments and agents in their expenditures have been economical and efficient in their spending and have obtained value for those expenditures. Further the Auditor-General powers of auditing have been extended by the new provisions to public corporations and other authorities benefitting from public monies.