

# BILL NO. 24 OF 2017

## A BILL

FOR AN ACT TO AMEND THE FINANCIAL MANAGEMENT ACT 2004

ENACTED by the Parliament of the Republic of Fiji—

*Short title and commencement*

**1.**—(1) This Act may be cited as the Financial Management (Budget Amendment) Act 2017.

(2) This Act comes into force on 1 August 2017.

(3) In this Act, the Financial Management Act 2004 is referred to as the “Principal Act”.

*Section 36 amended*

**2.** Section 36 of the Principal Act is amended after subsection (1) by inserting the following new subsection—

“(1A) Notwithstanding subsection (1), the responsible authority of an off-budget State entity may write off losses in—

(a) a manner that satisfies the requirements of the Finance Instructions;  
or

(b) such other manner as approved by Cabinet.”.

*New section 37A inserted*

3. The Principal Act is amended after section 37 by inserting the following new section—

*“Independent offices*

37A.—(1) The Ministry must ensure that an adequate amount of money is appropriated to any independent office to ensure that the independent office may independently and effectively exercise its powers and perform its functions and duties.

(2) The responsible authority for an independent office is responsible for the following—

- (a) administration of any money appropriated to the independent office under subsection (1);
- (b) the effective, efficient and economical management of the independent office;
- (c) the maintenance of an effective system of internal control for money and property;
- (d) the preparation of annual reports of the independent office; and
- (e) any other responsibilities assigned by or under any written law.

(3) The annual report of an independent office under subsection (2) must—

- (a) include the annual financial statements of the independent office;
- (b) be provided to the responsible Minister; and
- (c) be tabled in Parliament by the responsible Minister—
  - (i) within 9 months after the end of the financial year; or
  - (ii) if the annual report is not received by the responsible Minister within the 9-month period, as soon as practicable after the annual report is received.

(4) The annual financial statements of an independent office must be—

- (a) signed by the responsible authority for the independent office; and
- (b) audited by the Auditor-General and be accompanied by his or her audit opinion.

(5) An independent office must comply with the Finance Instructions and regulations governing procurement under this Act unless the independent office has its own rules, regulations or guidelines in respect of procurement which—

- (a) promote good governance and the appropriate use of funds; and
- (b) have been published in the Gazette or are otherwise publicly available.

(6) Where there is any inconsistency between the provisions of this section and any other provision in this Act, the provisions of this section prevail.

(7) For the purposes of this section—

“independent office” means an entity that is required by a written law to independently exercise its powers and perform its functions and duties;

“responsible authority” means—

- (a) the board or other governing body of the independent office; or
- (b) the head of the independent office if the independent office does not have a board or other governing body; and

“responsible Minister” means the Minister responsible for the independent office under a ministerial assignment.”.

June 2017

## FINANCIAL MANAGEMENT (BUDGET AMENDMENT) BILL 2017

### EXPLANATORY NOTE

*(This note is not part of the Bill and is only intended to indicate its general effect)*

#### 1.0 BACKGROUND

1.1 The Financial Management (Budget Amendment) Bill 2017 (**‘Bill’**) seeks to amend the Financial Management Act 2004 (**‘Act’**).

#### 2.0 CLAUSES

2.1 Clause 1 of the Bill provides for the short title and commencement. If passed by Parliament, the amending legislation will come into force on 1 August 2017.

2.2 Clause 2 of the Bill amends section 36 to allow the responsible authority of an off-budget State entity to write off losses in—

- (a) a manner that satisfies the requirements of the Finance Instructions; or
- (b) such other manner as approved by Cabinet.

2.3 Under the Act, an off-budget State entity is a State entity that, in relation to a financial year, does not administer an appropriation for a financial year under the Act or an Appropriation Act and therefore does not have an appropriation head. It may instead receive a grant from its respective Government ministry.

2.4 Clause 3 of the Bill inserts a new section to ensure that the Ministry appropriates an adequate amount of money to an independent office. Clause 3 of the Bill also ensures that an independent office is responsible for the administration of any money appropriated to it but it is not required to comply with the Finance Instructions and regulations governing procurement under the Act if it has its own rules, regulations or guidelines in respect of procurement which—

- (a) promote good governance and the appropriate use of funds; and
- (b) have been published in the Gazette or are otherwise publicly available.

2.5 Despite an independent office having responsibility for the administration of any money appropriated to it, clause 3 of the Bill also ensures that the independent office effectively exercises its powers and performs its functions and duties and prepares an annual report for tabling before Parliament.

### **3.0 MINISTERIAL RESPONSIBILITY**

3.1 The Act comes under the responsibility of the Minister responsible for finance.

A. SAYED-KHAIYUM  
Attorney-General