

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE PUBLIC MANAGEMENT AND  
FINANCE LAW (2003 REVISION); TO EMPOWER THE GOVERNOR  
IN CABINET, IN EXCEPTIONAL CIRCUMSTANCES, TO APPROVE  
EXPENDITURE FOR WHICH NO APPROPRIATION EXISTS; TO  
PRESCRIBE THE CIRCUMSTANCES IN WHICH REPORTING AND  
BUDGETING DEADLINES MAY BE DEFERRED; AND FOR  
INCIDENTAL AND CONNECTED PURPOSES**



**THE PUBLIC MANAGEMENT AND FINANCE (AMENDMENT) (NO. 2)  
BILL, 2004**

**MEMORANDUM OF OBJECTS AND REASONS**

This Bill amends the Public Management and Finance Law (2003 Revision).

The main purposes of the Bill are -

- (a) to allow the Governor in Cabinet to authorise executive financial transactions for which there is no appropriation, where exceptional circumstances occur; and
- (b) to allow the Legislative Assembly, by way of resolution, to defer the reporting and budgeting deadlines established by the principal Law after a state of emergency or an exceptional circumstance has occurred.

The Bill also validates any unauthorised executive financial transactions carried out between 27 September, 2004 and the date of commencement of the legislation.

**THE PUBLIC MANAGEMENT AND FINANCE (AMENDMENT) (NO. 2)  
BILL, 2004**

**ARRANGEMENT OF CLAUSES**

1. Short title.
2. Amendment of section 3 of the Public Management and Finance Law (2003 Revision) –definitions.
3. Amendment of section 12 – authorisation in advance of appropriation.
4. Amendment of section 13 - emergency expenditure.
5. Validation.

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ENACTED by the Legislature of the Cayman Islands.

1. This Law may be cited as the Public Management and Finance (Amendment) (No. 2) Law, 2004. Short title

2. The Public Management and Finance Law (2003 Revision), in this Law referred to as “the principal Law” is amended in section 3 by inserting the following definition in its appropriate alphabetical place - Amendment of section 3  
of the Public  
Management and  
Finance Law (2003  
Revision) –definitions

“ “exceptional circumstance” means an event which occurs during a financial year and which -

- (a) is beyond the control of the Governor in Cabinet;
- (b) could not have been reasonably anticipated at the time of enactment of the Appropriation Law for that financial year;

- (c) has an economic or social impact that is significant enough to necessitate executive financial transactions different from those planned for that financial year; and
- (d) requires the executive financial transactions to be entered into in a timescale that makes compliance with the procedure established by section 12A impractical;”.

Amendment of section  
12 – authorisation in  
advance of appropriation

3. The principal Law is amended in section 12 by inserting after subsection (4) the following subsections -

“ (5) Where an exceptional circumstance has occurred during a financial year, the Governor in Cabinet may authorise executive financial transactions for which no appropriation exists if –

- (a) the executive financial transactions directly relate to, and attempt to remedy the effects of, the exceptional circumstance; and
- (b) the total amount authorised is no more than five percent of budgeted executive revenue for the financial year.

(6) Where the Governor in Cabinet has authorised executive financial transactions in accordance with subsection (5) -

- (a) a member of the Cabinet appointed by the Governor in Cabinet to do so on his behalf shall, at the next sitting of the Legislative Assembly after the exceptional circumstance has occurred, make a statement to the Legislative Assembly advising of -
  - (i) the exceptional circumstance, its nature, and how it complies with the definition of the term “exceptional circumstance” set out in section 3;
  - (ii) the type and amount of the executive financial transactions authorised or likely to be authorised; and
  - (iii) the effect of the authorisations, or likely authorisations on compliance with the principles of responsible financial management specified in section 14; and
- (b) the authorised executive financial transactions are to be included in the next supplementary Appropriation Bill introduced in the Legislative Assembly after those transactions have been entered into.”.

Amendment of section  
13 - emergency  
expenditure

4. The principal Law is amended in section 13 by inserting after subsection (2) the following subsections -

“ (3) Where -

- (a) a state of emergency is proclaimed under the Emergency Powers Law (1997 Revision); or
- (b) an exceptional circumstance occurs,

the Legislative Assembly may, by resolution passed during or following the state of emergency or exceptional circumstance, extend the date by which -

- (i) a Government quarterly report is required to be gazetted under section 28;
- (ii) a Government annual report is required to be gazetted under section 29;
- (iii) a quarterly report of a ministry or portfolio, is required to be presented to the Legislative Assembly under section 43;
- (iv) an annual report of a ministry or portfolio, is required to be presented to the Legislative Assembly under section 44;
- (v) a half-yearly report of a statutory authority or government company, is required to be presented to the Legislative Assembly under section 50;
- (vi) an annual report of a statutory authority or government company, is required to be presented to the Legislative Assembly under section 51; or
- (vii) the Government budgeting process is to be completed in accordance with sections 17 to 22.

(4) A resolution referred to in subsection (3) shall specify the new date for compliance with the requirements of subsection (3)(i) to (vii).”.

5. (1) The carrying out of any executive financial transaction for which no appropriation exists, between 27 September, 2004 and the date of commencement of this Law, in purported exercise of powers conferred by the principal Law, is validated and is to be taken to have been lawfully carried out. Validation

(2) In this section -

“appropriation” and “executive financial transaction” have the respective meanings assigned to those expressions in the principal Law.

Passed by the Legislative Assembly the       day of       , 2004.

Speaker.

Clerk of the Legislative Assembly.