

# Government of Jamaica

## Handbook on the Public Bodies Management and Accountability Act

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# KEY TERMS & DEFINITIONS

**Board:** the board of directors of a public body

**Constituent Documents:** the documents of incorporation of a government company

**Financial Distribution:** a distribution made from profits, surpluses or equity

**Financial Year:** period of twelve months beginning on the 1st day of April of a calendar year and ending on the 31st day of March of the next calendar year.

**Government Company:** a company registered under the Companies Act, being a company in which the Government or an agency of the Government, is in a position to direct the policy of that company.

**Public Body:** a statutory body or authority or any government company, but does not include an executive agency designated under the Executive Agencies Act.

**Relevant Enactment:** any enactment under which a public body is established.

**Responsible Minister:** the Minister responsible for that body.

**Specified Public Sector:** the public sector not including any public body certified by the Auditor-General, in the manner specified in regulations made under section 50 (1) of the Financial Administration and Audit Act, as primarily carrying out functions that are of a commercial nature that satisfy such criteria as may be specified in such regulations

**Statutory Body or Authority:** a body corporate established by an Act of Parliament over which the Government or an Agency of the Government exercises control.

**User-pays public private partnership:** any public private partnership that is not one where the Government pays for the service.

The governance of public bodies is a cornerstone of national economic and administrative stability. The Public Bodies Management and Accountability (PBMA) Act, 2001 serves as the legislative foundation for the ethical, financial, and operational conduct of public entities. The Act ensures that public bodies responsibly manage resources, maintain accountability, and follow good governance practices. This protects taxpayers' money and promotes transparency in government organisations.

This handbook explains the key provisions of the PBMA Act with an emphasis on clarity, supporting policymakers, directors, auditors, and stakeholders in executing their responsibilities under the Act.



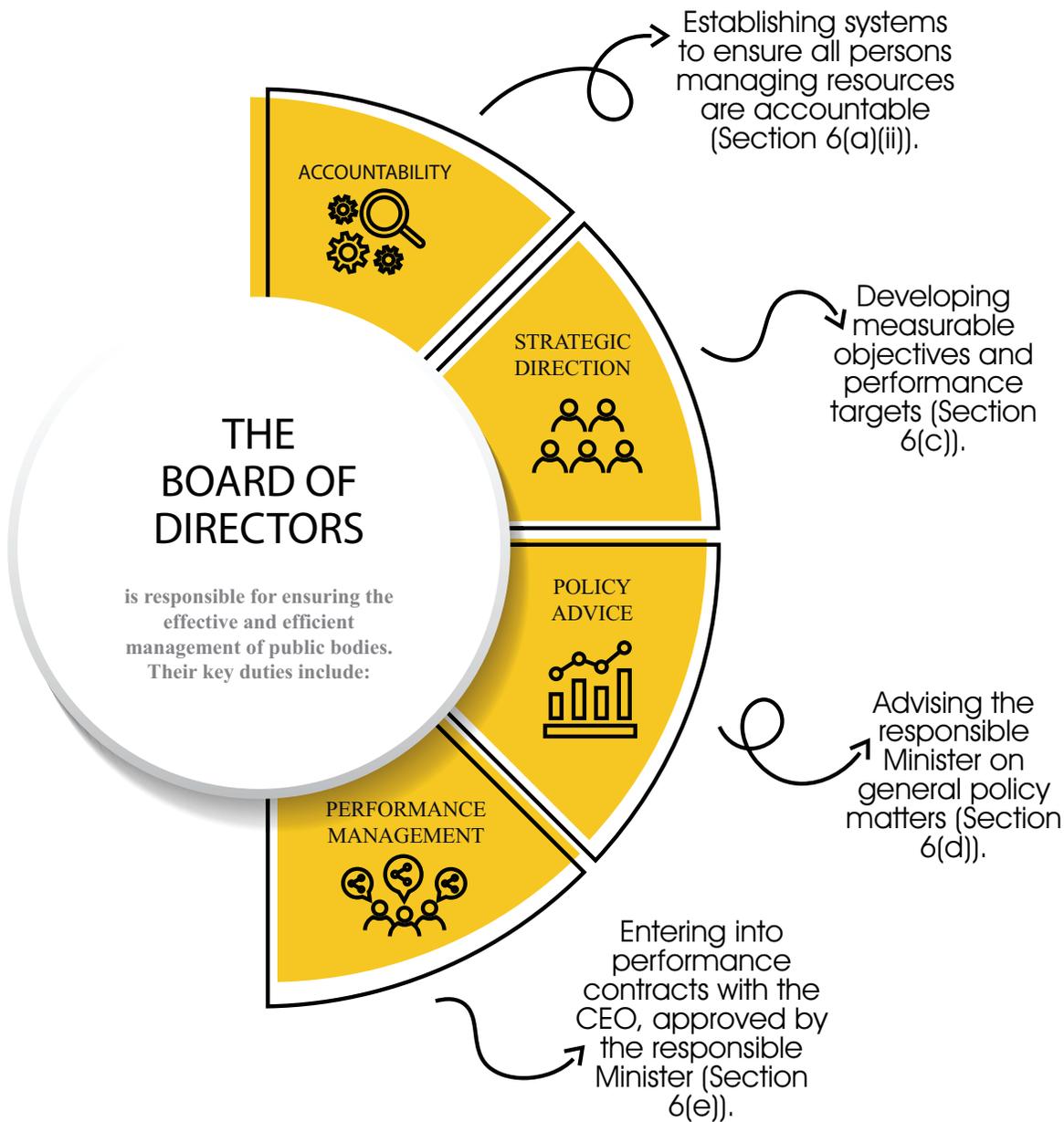
# A PUBLIC BODY

A public body is a statutory body or authority or any government company but does not include an executive agency designated under the Executive Agencies Act. Public bodies include government companies, statutory bodies, and authorities established by an Act of Parliament as a body corporate that provide services to the public.

The function of public bodies goes beyond governmental administration and includes executing national policies, managing resources, and upholding financial responsibility.



The Act mandates that the board of directors of each public body advises the responsible Minister on general policy and establishes robust oversight mechanisms to hold all individuals managing financial and operational resources accountable. Boards are charged with creating internal controls, reporting systems, performance targets, and evaluation instruments, as well as overseeing corporate planning, financial management, audits, procurement, public investment, and risk management. They must also secure performance contracts for executive officers and develop a code of conduct, thereby aligning resource allocation with corporate objectives and government policies.



<sup>i</sup> Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 6.

## Decision-Making Processes

The board's primary legal duty is to guarantee that all management decisions adhere to corporate governance best practices while preventing inefficiencies, corruption, and mismanagement. Accordingly, the board, executive management, and the responsible Minister must ensure that every financial and operational decision is justified, documented, and grounded in established policies, ministerial oversight, financial controls, and ethical standards.

All financial transactions, procurement activities, and investment decisions require thorough internal review must be based on reliable financial data and align with national economic objectives. Policy and strategic decisions are communicated to the Minister, who reviews and provides guidance, while regular updates on performance and investments are mandated.

## Emoluments

A critical aspect of governance is the regulation of salaries and benefits. The board must ensure that all compensation—salaries, benefits, and other emoluments—conforms to guidelines issued by the Minister responsible for the Public Service and the Minister of Finance. Public bodies within the specified public sector are bound by these government-determined compensation frameworks, while entities outside this sector may exercise greater autonomy in setting their remuneration policies.



## Establishing the Board of Directors

The establishment of a properly constituted Board of Directors for a public body is essential for institutional integrity. Therefore, the process of forming the board must follow a structured nomination, selection and appointment process that is transparent, fair, and meritorious.

The process<sup>1</sup> for the nomination, selection and appointment to boards of public sector bodies is necessitated by:

- Change of administration;
- Change of portfolio minister;
- Resignation or removal of an individual director; and
- Cessation of term of appointment for the entire board.

Any citizen interested in serving on the board of a public body is required to register on the database of prospective directors, which is managed by the Public Bodies Secretariat at the Ministry of Finance and the Public Service. It is from this database that persons are nominated.

## Nomination

An individual can initiate action by applying directly to be included in the database.

Persons may also be nominated by specified stakeholders, including Ministers and professional bodies.

All persons nominated must apply to be included in the database, regardless of who nominates them.

All nominees who apply must be vetted by the Secretariat.

Once a nominee has been vetted and the application is accepted the person is entered in the database and becomes a prospective director, available for selection.

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<sup>1</sup> See Policy Guidelines for the Nomination, Selection and Appointment of the Boards of Public Bodies-[policy-guidelines-publc-bodies-boards-2018.pdf](#)

<sup>ii</sup> Ministry of Finance and the Public Service. (2018). Policy guidelines for the nomination, selection and appointment of boards of public bodies. Government of Jamaica. Page 4-6.

## Selection

The process of selecting a director requires a rigorous and objective assessment of the candidate's professional capability, expertise and alignment with the public body's priorities and long-term operational, strategic, and financial strategy.

### Key to the process are the following mandates:

- the individual's high standard of personal and professional integrity,
- competency in areas that are necessary for the functioning of the public body,
- ethical character that is, the individual should have no actual or potential conflicts of interest.

Along with this, there are other considerations which guide the process such as the promotion of gender, generational, and professional diversity to enrich decision making.

## Appointment

After nomination and selection, there is the appointment of board member. This final leg is the responsibility of the Minister with portfolio responsibility for the public body. The appointment is supported by the documentation produced during the nomination and selection phases.

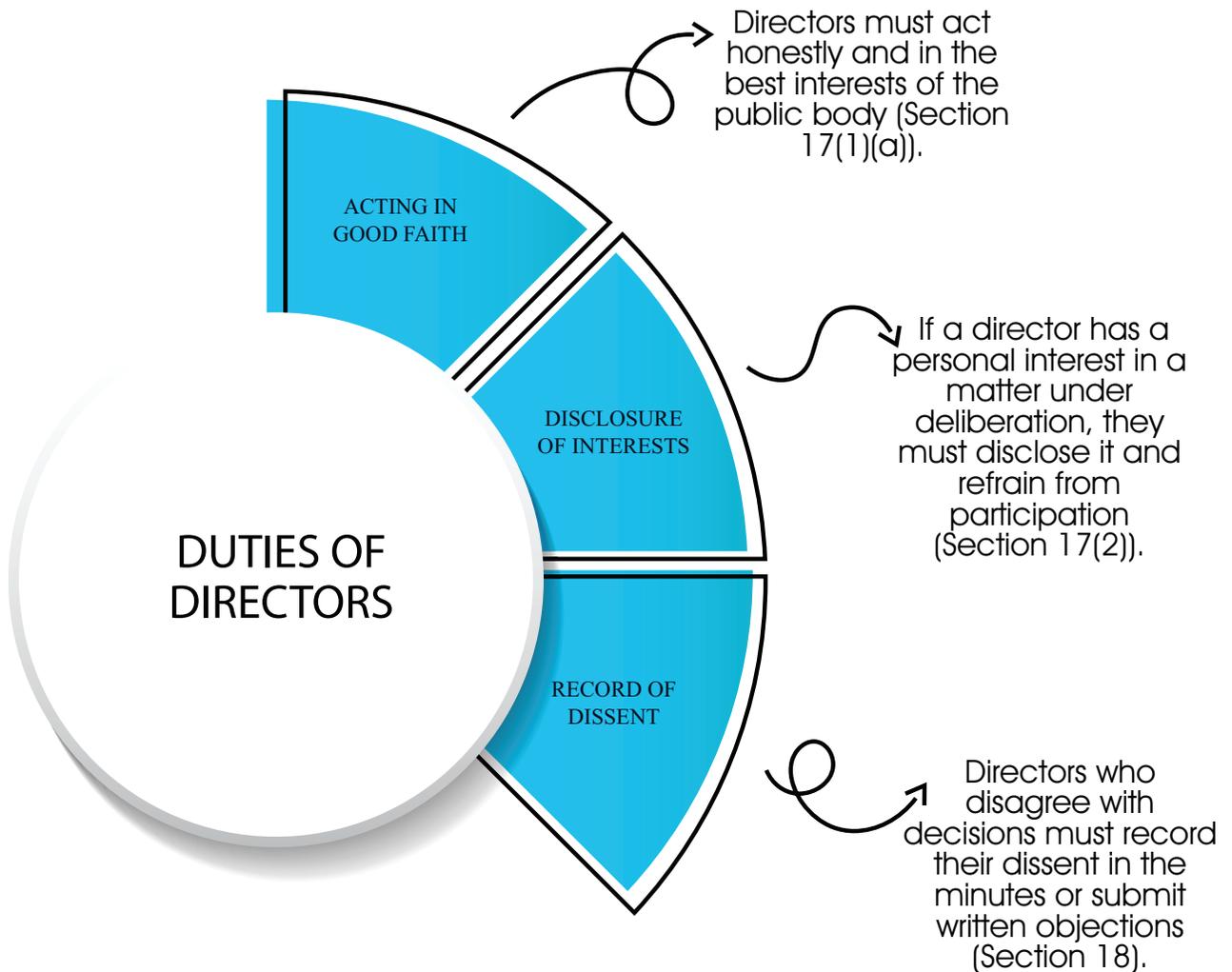
Once appointed, for accountability to maintain the history of board composition and tenure, the Public Bodies Secretariat records all board members in the Register of Board Appointments.

Once the board is duly constituted, the Chairman initiates an orientation programme for the board members, to ensure that they are equipped with the necessary knowledge of the public body's mandate, governance structure, and compliance obligations under the PBMA Act and other related governance frameworks.

Directors and officers must act with honesty, good faith, and in the public body’s best interest. Their obligations are fundamentally rooted in ethical governance and the prudent management of institutional affairs. They are obligated to demonstrate the skill, diligence, and sound judgment expected of a reasonable person in similar circumstances. This standard compels them to make financially practical decisions, avoid reckless conduct and conflicts of interest, and manage resources effectively in alignment with corporate policies and government regulations. This is complemented by the duty of loyalty, which compels directors to prioritize the institution’s welfare over any personal or extraneous financial interest.

### Dissent of Absent Directors

Directors absent from meetings are deemed to consent to decisions unless they formally register their dissent. If they disagree with decisions made in their absence, they must submit a written objection within seven days, have it recorded in the meeting minutes, and deliver a formal notice of dissent to the public body’s registered office.



<sup>iii</sup> Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Sections 17.  
 Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 18.

## Reliance on Expert Advice

Recognizing that specialized knowledge may not reside within every director, the Act permits reliance on qualified professionals—such as accountants, auditors, legal counsel, or engineers—when making decisions. However, this reliance is valid only if the director believes the expert to be competent, acts in good faith when seeking advice, and does not ignore significant warning signs of potential errors. Failure to exercise independent judgment while relying solely on external advice may result in personal liability.

## Additional Responsibilities and Oversight Duties

Beyond these core responsibilities, directors and officers must adhere to other governance mandates stipulated in the Act. These include ensuring proper financial management and audit compliance, supervising procurement processes to deter corrupt practices, monitoring public-private partnerships to mitigate financial risks, and conforming to the Public Investment Management System for (PIMS) all public sector investments.



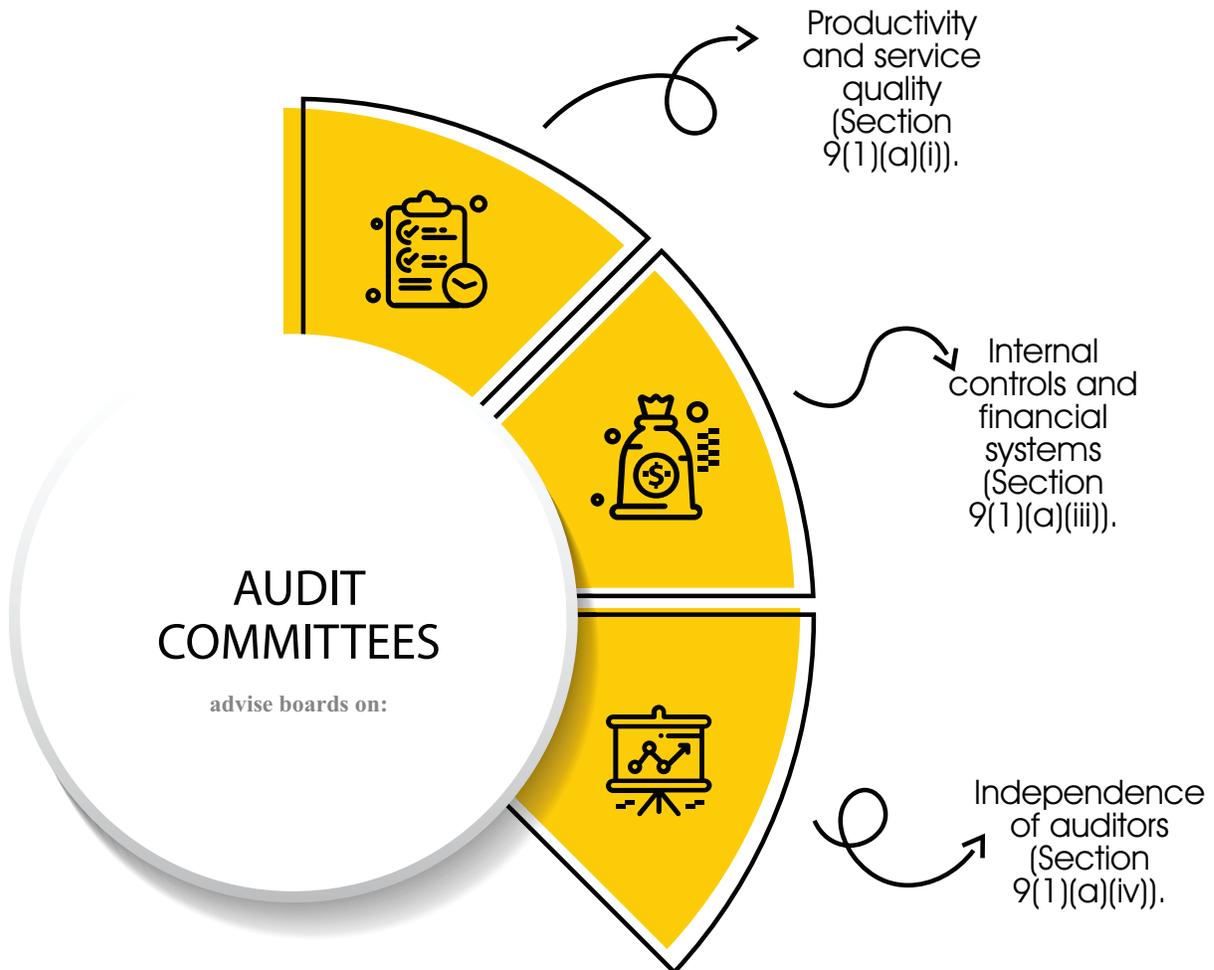
## Establishment and Composition

Every public body shall establish an audit committee. To enhance independence, the majority of audit committee members must not be officers or employees, and at least one member is required to be a qualified accountant. The committee's function is purely oversight, separate from day-to-day financial operations.

## Role and Duties

The audit committee advises the board on financial matters, monitors financial operations for legal and regulatory compliance, and evaluates the effectiveness of internal controls in managing risks. Prior to submission to the board, the committee rigorously reviews the financial statements for accuracy and adherence to accepted accounting principles. It oversees both internal and external audits.

To maintain objectivity and efficacy, audit committees are also tasked with evaluating the independence and performance of external auditors, ensuring that the audit process remains impartial and effective. Where a public body is undergoing a special audit or investigation, the audit committee is required to review the report and advise the board accordingly.



<sup>iv</sup> Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 8.  
Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 9.

## **Audit Requirements**

External auditors must have unrestricted access to financial records and adhere to the Code of Audit Practices, while the Auditor General possesses the authority to investigate discrepancies, recommend corrective measures, or initiate forensic audits when necessary. In instances of material errors or omissions, public bodies must promptly notify the Auditor-General and the responsible Minister and submit corrected financial statements.

## **Auditor's Rights**

Auditors are required to report directly to the audit committee and the board, highlighting discrepancies and financial risks. They may demand access to all necessary financial records and must notify the board immediately of any material errors or omissions, rapid corrective action.

## **External/Special Audits**

Where there is reasonable cause to suspect financial irregularities, the Auditor General or the responsible Minister is empowered to commission a special audit. In such instances, an independent auditor or firm conducts a comprehensive examination of the public body's financial records, internal controls, and operational procedures.

Auditors are granted the right to consult with the Auditor General at any point during their examination, ensuring that audit procedures remain consistent with national standards and government policies after which a report is submitted to the Minister.

## **Code of Audit Practices**

The Financial Secretary, after consulting with the Auditor General and the Institute of Chartered Accountants of Jamaica, establishes a Code of Audit Practices that auditors must follow. Auditors have the right to consult with the Auditor-General and are granted full access to financial records and supporting documentation.

Public bodies must rigorously adhere to established standards of financial planning, budgeting, reporting, and auditing to safeguard public funds and promote efficient resource management.

## Financial Management Requirements and Controls

Public bodies must prepare and maintain their financial accounts in accordance with generally accepted accounting principles as prescribed by the Institute of Chartered Accountants of Jamaica or another designated regulatory body. Boards are responsible for developing budgets, conducting financial risk assessments, and instituting regular reporting mechanisms to provide clear visibility of the organization's financial health while aligning resource allocation with corporate objectives and government policies.

## Revenue Collection and Expenditure Control

To prevent unsanctioned debt and fiscal mismanagement, the Act prohibits public bodies from engaging in unauthorized borrowing or financial commitments without the Minister of Finance's written approval. Public bodies receiving funding from the Consolidation Fund must secure approval from the House of Representatives, execute a formal agreement with the Financial Secretary, and submit key documents such as their constitution, articles of incorporation, annual report, and audited financial statements. Within four months after the financial year ends, updated financial statements must be provided to the accounting officer with certification from the external auditor. The Financial Secretary and accounting officers are mandated to assess funding requests and inspect financial records to preclude mismanagement, while the Minister of Finance, in consultation with the responsible Minister, may revise agreements or impose corrective measures in cases of default.

## Shareholdings and Distribution

Under the Act, public bodies must acquire shares strictly in accordance with the regulations and criteria made by the Minister. Moreover, the Minister retains the power to direct the Accountant General, in writing, on the precise manner in which his powers as a shareholder in any government company are to be exercised.

Dividends payable on shares held by the Accountant General must be subject to the criteria and regulations. Additionally, any annual financial distribution made by a public body to the Consolidated Fund is likewise subject to these regulatory provisions, ensuring that such distributions support the broader objectives of fiscal discipline and public accountability.

In certain circumstances, the Financial Secretary may also request that a public body make a special distribution into the Consolidated Fund.

## Consolidated Fund

Payment into the Consolidated Fund is to be received from all dividends payable on shares held by the Accountant General in a government company, and all self-financing public bodies are required to make an annual financial distribution. For

<sup>v</sup> Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 3.  
 Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 4.  
 Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 5.  
 Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 6.

entities within the specified public sector, the Financial Secretary may, request that a special distribution be paid into the Consolidated Fund.

Conversely, in relation to disbursements from the Consolidated Fund; no payment—whether in the form of a grant, capital contribution, loan, or assignment of revenue—may be made to a public body within the specified sector unless there is prior approval from the House of Representatives, and a formal agreement with the Financial Secretary.

### Accounting Officer’s Power

The accounting officer is granted extensive powers to protect the Government’s financial interests. Specifically, the accounting officer must investigate any agreement related to payments or guarantees proposed by a public body and report their findings to both the Minister and the responsible Minister. They are required to ensure that proper provisions are made before any such agreement is executed, particularly when there is a risk or default in complying with the agreed terms, or when there are reasonable grounds to suspect that a default is likely to occur. Moreover, the accounting officer is empowered to conduct further investigations into any default or potential default situation and to report these findings promptly. In addition, the accounting officer is entitled, at all reasonable times, to inspect the public body’s assets, accounts, documents, files, and any other records, regardless of their format.

## ACCOUNTS AND AUDITS

01

### PREPARATION OF ACCOUNTS

Accounts must comply with Generally Accepted Accounting Principles (GAAP) and be audited annually (Section 3(1)).

### AUDITED REPORTS

Boards must submit annual reports, including audited financial statements, to the responsible Minister within four months of the financial year-end (Section 3(2)).

02

03

### AUDIT COMMITTEE OVERSIGHT

Internal audits and annual auditor’s reports must be reviewed by the audit committee before board approval (Section 9(1)(c)).

## BORROWING AND FINANCIAL TRANSACTIONS

01

### MINISTERIAL APPROVAL

Public bodies cannot borrow funds or issue debt securities without prior written approval from the Minister (Section 5(1)).

### SPECIAL DISTRIBUTIONS

Self-financing public bodies may be required to make special distributions to the Consolidated Fund (Section 4(5)).

02

## TRANSPARENCY IN PAYMENTS

01

Payments from the Consolidated Fund to public bodies require:

- Parliamentary approval.
- A written agreement between the Financial Secretary and the public body outlining terms and conditions (Section 5A).

## Auditor General

The Auditor General is endowed with extensive authority to ensure financial accountability across public bodies. At the Auditor General's discretion—or as directed by a resolution of the House of Representatives—he or she may audit the accounts of any public body, thereby scrutinizing financial records to ascertain compliance with statutory requirements.

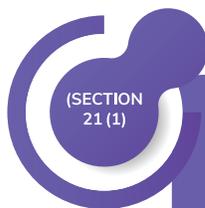
Once an audit is conducted, the Auditor General must furnish a detailed report to the responsible Minister for subsequent presentation in Parliament.

Moreover, the Auditor General is empowered to order an audit of a public body's books by authorizing a registered public accountant to inspect and examine all pertinent financial records, exercising powers equivalent to those of the Auditor General in conducting the audit.

Additionally, the Act mandates that public bodies notify the Auditor General in writing if the board opts not to renew an auditor's appointment or if an auditor withdraws their services, ensuring transparency and continuity in financial oversight.

## Company Formation

The Act prohibits any public body within the specified public sector from forming a new company without prior written approval from the responsible Minister and the Minister of Finance. Conversely, if a public body that is not part of the specified public sector establishes a new company, that company is deemed to be a public body. Although exempted from the certification requirements of the public body under the Financial Administration and Audit, the new entity is subject to similar governance and accountability requirements as other public bodies that are outside the specified public sector.



(SECTION  
21 (1))

### Particulars for Application to Form a New Company

#### Financial Forecast

Covering at least the ensuing five years commencing from the expected start-up date that sets out projected:

- Cash Flow: Regulations 19(a)(i)
- Profit and Loss: Regulations 19(a)(ii)
- Transfers from the Consolidated Fund: Regulations 19(a)(iii)
- Estimates of Borrowing: Specifying amounts from private sources; expected maturity; currency and the cost, if any, to the Government. (Regulation 19(a)(iv))

#### Corporate Plan

Including the cost-benefit or similar financial analysis, to demonstrate the need to create the public body. (Regulation 19(b))

#### Public Benefit

Details of any externality or public benefit that is likely to accrue as a result of the creation of the public body or the market failure that the public body is meant to address. (Regulation 19(c))

## Revenue Estimates and Expenditure

The board must prepare and submit estimates of revenue and expenditure for the upcoming fiscal year starting April 1 and ending March 31. The documents include a summary of the corporate plan relevant information necessary for the compilation of the Fiscal Policy Paper and any information pertaining to the Public Sector Investment Programme to both the responsible Minister and the Minister of Finance.

Furthermore, the Minister must arrange for these estimates to be tabled for approval no later than March 31 of the preceding year in both the House of Representatives and the Senate, except in cases where the public body is not part of the specified public sector—in which case the estimates are tabled solely for informational purposes.

## Corporate Plan

By November 30 each year, public bodies must submit a corporate plan delineating their financial, operational, and governance framework by detailing its objectives, scope of activities, budgetary allocations for operations and capital projects, accounting policies, and performance targets. Following the draft submission, the board is required to incorporate any recommendations from the responsible Minister before finalising the plan, which must then be endorsed by the Minister. Public bodies within the specified public sector must have the final plan tabled in Parliament, while those outside the sector are required to present a summary for informational purposes; any modifications thereafter must also be reported and approved.

## Quarterly Reports

At the end of a quarter, public bodies have one month to submit a quarterly report that succinctly summarises both qualitative commentary and aggregate financial statistics. This report should delineate the achievements of the public body in relation to its established performance targets and incorporate updated forecasts and projections for key financial and operational indicators for the remainder of the fiscal year. Additionally, it must explain the reasons behind any significant deviations from previously set targets or from the annual corporate plan and include a detailed account of any special examinations undertaken.

## Half-Yearly Reports

Public bodies must submit a half-yearly report within two months after the end of each half of the financial year. This document is to present an abridged, unaudited statement of the public body's financial position, enhanced by explanatory notes that offer clarity regarding its fiscal status. Moreover, it must include a quantitative analysis by the board of directors comparing the body's performance against the objectives and targets laid out in its corporate plan and operating budget. The report should also articulate any significant alterations in intent or scope that occurred during the reporting period and provide an informed outlook for the forthcoming half-year.

<sup>vi</sup> Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 7.  
Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Sections 22-23.

## Annual Reports

Each public body is required to compile an annual report that provides a comprehensive overview of its financial and operational performance.

Annual reports must be submitted within four months after the financial year has ended. This report must include audited financial statements accompanied by detailed explanatory notes and annotations concerning the accounting policies applied. It further necessitates a complete statement of the emoluments awarded to the chairman, directors, chief executive officer, and other senior officials for that year. Additionally, the report must encompass a thorough review of all operational activities, a declaration regarding any proposed changes in the nature and scope of the public body's functions, and an account of any modifications to the corporate plan. It also requires a succinct summary of the body's achievements against pre-established performance targets and forecasts of key financial and operating measures for the subsequent twelve months, as well as, where relevant, a notification regarding dividend payments.

## Special Audit Report

If an independent auditor or firm is called in to detect any discrepancies, unauthorized transactions, or breaches of compliance, the auditor must submit a detailed written report upon completion, to both the responsible Minister and the board, outlining all findings and recommending appropriate corrective measures.

This independent auditor or firm must be registered under the Public Accountancy Act.

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### CORPORATE PLANS

Draft corporate plans must be submitted to the responsible Minister three months before the end of the financial year (Section 7(1)).

### ANNUAL REPORTS

Annual reports must be submitted within four months of the financial year-end (Section 22).

02

03

### INTERIM REPORTS

Half-Yearly Reports:

- Submitted within two months of the half-year end.
- Include unaudited financial summaries and updates on performance against targets (Second Schedule, Part II).

Quarterly Reports:

- Submitted within one month of the quarter end.
- Highlight financial performance, key changes, and projections for the year (Second Schedule, Part III).

### SPECIAL REPORTS

Ministers may request additional reports on specific issues. These must include the details specified in the request (Second Schedule, Part IV).

04



## Reporting and Legislative Oversight

Public bodies are legally obligated to submit periodic financial reports—including quarterly, half-yearly, and annual statements—to the responsible Minister, who then tables these reports in Parliament for oversight.

The governance framework established by the Act is multifaceted. It incorporates board leadership, rigorous reporting, independent audit oversight, regulated procurement and investment, and stringent compliance and enforcement. Yet beyond the foundational responsibilities of the board, the Act incorporates a series of additional structures that reinforce robust corporate PIMS, and Public Bodies Human Resources Committee and Procurement Rules. These supporting structures to the major pillars, along with the code of conducts established by the Auditor General, are integral to the public body's efficacy, accountability and transparency.

### Procurement Rules

The Act requires that each public body comply with the Government's procurement rules and guidelines as established under any relevant enactment. Specifically, all procurement activities—including contract awards, tendering, and competitive bidding—must be conducted in a way that guarantees that the expenditure of public funds occurs in a transparent, fair, and accountable manner, thereby precluding any

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### PROCUREMENT RULES

Public bodies must adhere to the Government's procurement guidelines to ensure fair and transparent practices (Section 6A).

### NEW COMPANY FORMATION

Public bodies require prior written approval from the responsible Minister to form new companies. Applications must include details on financing, staffing, and corporate plans (Section 21).

02

03

### APPOINTMENT OF AUDITORS

- **Qualification:** Auditors must be registered public accountants (Section 13).
- **Independence:** Individuals with conflicts of interest (e.g., directors or shareholders) are disqualified from being appointed as auditors (Section 13(5)).

### PENALTIES FOR BREACHES

Non-compliance with provisions of the Act can result in:

- Pecuniary penalties up to \$1,000,000.
- Injunctions restraining breaches of the Act (Section 25).

04

05

### SUPREMACY OF THE ACT

Where inconsistencies arise between this Act and other laws governing public bodies, the provisions of this Act prevail (Section 27).

<sup>vii</sup> Government of Jamaica. (2001). Public Bodies Management and Accountability Act, Section 6.

unauthorized or non-competitive procurement practices that could undermine fiscal discipline or lead to mismanagement.

### **Public Investment Management System**

The Public Investment Management System (PIMS) is a risk management and optimization framework that governs all long-term public investment projects, including capital and infrastructure investments. PIMS requires that public bodies, statutory authorities, and government companies obtain prior approval before initiating, expanding, or modifying any public investment project. If a new investment or significant modification is planned, a detailed proposal—comprising financial projections, risk assessments, economic impact evaluations, and an implementation timeline—must be submitted to the Public Investment Secretariat, which operates under the Ministry of Finance. At any time, the Minister may request updates on the project’s financial status, progress, and risks. It is required that all public boards comply to the Minister’s request. The framework differentiates traditional public investments from user-pays public-private partnerships, ensuring that in the latter, financial risks are not unduly transferred to the government.

### **Public Bodies Human Resources Committee**

The Public Bodies Human Resources Committee is established as a dedicated oversight mechanism to manage and advise on human resource matters within public bodies that are not part of the specified public sector.

The Committee’s composition is determined by the Minister, who appoints members through a formal instrument, ensuring that representatives from both the public and private sectors are included. Members serve for a specified term and may be reappointed, while the Minister retains the authority to revoke any appointment at any time. The Committee is empowered to set its own rules of procedure to facilitate effective internal governance, and it is provided with technical and administrative support by the Minister. Its role is crucial in promoting best practices in areas such as hiring, compensation, and employee management, thereby reinforcing transparency and accountability in public sector human resource administration.



## The Code of Conduct

The Act requires that a comprehensive Code of Conduct be established to guide the behaviour of boards of directors within public bodies. Specifically, the Minister—after consulting with the Auditor-General, the Institute of Chartered Accountants of Jamaica, and other experts in corporate governance—is mandated to prescribe and periodically review a Code

of Conduct. This Code delineates the ethical standards, behavioural expectations, and procedural norms that directors must adhere to, thereby ensuring transparency, accountability, and integrity in decision-making. It is designed to prevent conflicts of interest, promote responsible management of public resources, and uphold the overall integrity of public sector governance.

The Act institutes a rigorous framework to secure transparency, accountability, and adherence to legal standards across public bodies. Its provisions mandate that public entities implement robust internal mechanisms, uphold strict financial protocols, and align all activities with government policies.

## Exception

The Minister may by order subject to affirmative resolution, exempt a public body from all or any of the provisions of the Act.

## Obligations of Public Bodies to Ensure Compliance

Public bodies must develop and maintain comprehensive internal controls, risk management systems, and monitoring procedures that guarantee all financial transactions, governance decisions, and operational activities comply with statutory requirements. Their boards are obliged to maintain meticulous financial records and submit detailed reports—quarterly, half-yearly, and annually—to the responsible Minister, with annual reports (including audited financial statements, executive compensation details, performance reviews, and financial summaries) being presented in Parliament for oversight.

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### WHAT HAPPENS IF PUBLIC BODIES BREAK THE RULES?

- If a public body does not follow the Act:
- It can be fined.
- The government can remove directors or officers.
- Serious cases may lead to criminal charges.

### THE ROLE OF THE GOVERNMENT IN ENFORCEMENT

The Minister of Finance and other responsible authorities ensure public bodies comply with the Act. The Attorney-General can take legal action if necessary.

02

## **Ministerial Oversight and Directives for Compliance**

The Minister wields expansive authority to supervise and direct public bodies. Directives may be issued for supplementary disclosures, audits, or operational reporting, and financial agreements or funding arrangements may be suspended, modified, or revoked when deviations from prescribed standards occur. Should evidence of mismanagement or noncompliance arise, the Minister is empowered to impose sanctions, enforce corrective measures, and, if necessary, initiate investigations or forensic audits to restore proper conduct.

## **Authority of the Auditor General in Compliance Monitoring**

The Auditor General occupies a central role in the governance and enforcement regime, tasked with formulating a Code of Audit Practices—developed in collaboration with public bodies, the Institute of Chartered Accountants of Jamaica, and other experts—that adheres to internationally accepted standards. Auditors receive comprehensive rights to access financial records and supporting documentation, and any discrepancies or material errors must be reported immediately. In cases of non-cooperation or misreporting, the Auditor-General may escalate the matter to the Minister for further remedial action.

## **Court**

The Court serves as a pivotal enforcement mechanism to ensure strict adherence to the Act's provisions. Should the Attorney General successfully demonstrate that any public body or its officers have violated the statutory requirements—ranging from failures in financial reporting and governance to unauthorized transactions—the Court is empowered to intervene decisively. This judicial oversight may culminate in the imposition of substantial pecuniary penalties, not exceeding one million dollars, or the issuance of injunctions to restrain further noncompliant conduct. In executing these powers, the Court is mandated to evaluate the nature and extent of the default, the corresponding loss incurred, and any historical noncompliance by the individual concerned. Through these judicial actions, the Court reinforces the framework of accountability and transparency established by the Act, serving as a robust compliance tactic that deters misconduct and fortifies public sector integrity.

## **Penalties and Legal Consequences for Non-Compliance**

Public bodies, their boards, and senior officers face severe repercussions for failing to comply with financial, governance, or reporting obligations. Sanctions may include fines, civil penalties, funding suspension, or disqualification from future board service. In instances involving fraud, embezzlement, or gross mismanagement, criminal prosecution may be pursued, and individuals who deliberately authorize unlawful transactions or manipulate financial records will be held personally liable for resulting damages.

## **Corrective Actions and Future Compliance Measures**

To promote sustained adherence to evolving fiscal policies, the Minister is empowered to amend regulatory schedules, introduce new compliance requirements, and impose additional financial controls. Public bodies must continually update their policies, risk management frameworks, and governance structures, thereby reinforcing an environment of continuous improvement and robust accountability.

## **Indemnification of Directors and Officers**

The Act provides limited indemnification to shield directors and officers from legal expenses, damages, or financial liabilities incurred while performing their duties, provided they acted honestly, in good faith, and with reasonable grounds to believe their actions were lawful. Indemnification is not available if misconduct, negligence, or fraud is demonstrated. Moreover, a court may approve indemnification only when it finds the director's or officer's actions reasonable under the circumstances; however, misuse of public funds or gross negligence will forfeit such protection.

## **Financial and Legal Liabilities**

Directors and officers are personally accountable if they engage in fraudulent, reckless, or dishonest activities that cause financial loss; fail to exercise due diligence; manipulate or withhold financial information; or sanction unauthorized transactions. Violations may result in fines, civil penalties, disqualification from future board service, or criminal prosecution in severe cases.





GOVERNANCE



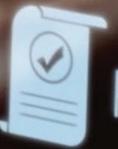
POLICIES

REMENTS



LAW

**COMPLIANCE**



RE

RENCY



STAND



# CONCLUSION

The Public Bodies Management and Accountability (PBMA) Act ensures value for money in public spending and promotes public trust. It emphasizes the need for responsible stewardship of public resources through strong governance practices, effective board oversight, and accountability to both Ministers and Parliament. It outlines provisions for procurement, company formation, and public investments and consequences for non-compliance, including fines, removal from office, and, in severe cases, legal action.

The Act regulates fairness by dictating that boards of directors establish clear systems that guarantee prudent management of finances in alignment with national goals. Additionally, it sets out clear duties for directors and officers, including acting in good faith, avoiding conflicts of interest, and ensuring that decisions align with the public interest.

Public bodies must operate within approved financial limits and comply with government guidelines. Therefore, the act makes sure reporting obligations such as quarterly, half-yearly, and annual reports, as well as corporate plans, ensure are met. These pillars are supported by the establishment of audit committees, regular internal and external audits, and adherence to a Code of Audit Practices further strengthen the integrity of financial operations and risk management.

The PBMA Act serves as a critical tool to protect taxpayers' money, foster transparency, and guarantees that public bodies contribute effectively to national development objectives. By adhering to the principles and obligations set out in the Act, public entities strengthen public trust, uphold accountability, and ensure the efficient delivery of public services.



