

**TITLE 3 – CENTRAL GOVERNMENT**  
**CHAPTER 9 - AUDITOR-GENERAL- DUTIES, POWERS AND FUNCTIONS**



Republic of the Marshall Islands  
*Jepilpilin Ke Ejukaan*

**AUDITOR-GENERAL (DEFINITION OF DUTIES,  
FUNCTIONS AND POWERS) ACT 1986**

**Arrangement of Sections**

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AN ACT to define the duties, functions and powers of the Auditor-General pursuant to Article VIII, Section 15 of the Constitution of the Marshall Islands and to provide for matters connected therewith or incidental thereto.<sup>1</sup>

*Commencement:*

*December 31, 1986*

*Source:*

*P.L. 1986-25*

*P.L. 2018-99*

**§901. Short Title.**

This Chapter may be cited as the "Auditor-General (Definition of Duties, Functions and Powers) Act 1986". [P.L. 1986-25 §1.]

**§902. Interpretation.**

In this Chapter, unless the context otherwise requires:

- (a) "agency" means any department or body established or funded by the Government of the Marshall Islands or a local government, and includes the following bodies and entities and their officers, directors, servants, agents, and independent contractors; and any ministry, authority, board, branch, bureau, commission, cooperative, council, department, division, fund, group, institution, political division, office, public corporation, or any autonomous or semi-autonomous governmental entity;

- (b) **“audit”** means an independent examination of books, performance, documents, records, and other evidence relating to the receipt, possession, charge, disbursement, expenditure, application or use of public funds by any agency or any activity of any agency; or relating to any contract or grant to which any agency is a party, or any operations relating to any transactions of such agency, and includes financial audits, performance audits and program audits, or any combination of such audits as the Auditor-General may deem appropriate;
- (c) **“financial audit”** means an audit to determine:
- (i) whether financial operations of any government contractor or grantee have been properly conducted;
  - (ii) whether any financial report of any agency, contractor, or grantee has been fairly presented; and
  - (iii) whether any agency, contractor, or grantee has complied with laws and regulations applicable to its or his operations;
- (d) **“performance audit”** means an audit to determine whether an agency has managed or used its funds, personnel, property, space, and other resources in an effective and efficient manner, and to identify the cause of any inefficiency or ineffective practice, including any inadequacy in management information systems, administrative procedures, or organizational structure;
- (e) **“program audit”** means an audit to determine whether the desired results or benefits of agency programs or activities or of any contract or grant, are being achieved; whether the objectives established by the Nitijela, or otherwise established pursuant to law or by the Constitution of the Marshall Islands, are being met; and whether the agency, contractor, or grantee has considered alternatives which might yield desired results more effectively or at lower cost. [P.L. 1986-25, §2.]

### §903. Duties and functions.

- (1) The Auditor-General shall transmit to each member of the Nitijela at its January and August regular session of each year a semi-annual report as required by Article VIII, Section 15(4) of the Constitution of

the Marshall Islands. The report shall consist of a financial audit of the Marshall Islands General Fund, trust funds, other funds of any agency whether or not appropriated, each contract to which any agency is a party, and each grant made or received by any agency. The audit shall cover the receipt, possession, and disbursement of public funds including all liabilities, receivables, and accruals of any agency, all taxes, fees, receipts, and other revenues of any agency, and all other financial statements issued or prepared by any agency. Personal service contracts and prime contracts with employees of any agency shall be audited as part of the regular operations and activities of the agency.

- (2) The Auditor-General shall from time to time make such other audits of the government agencies, activities, contracts, or grants as are possible within the budget provided for him and as he deems to be in the public interest and consistent with this Chapter.
- (3) Upon request of a government agency the Auditor-General shall provide his opinion as to whether or not any practices are in accord with generally accepted accounting principles. [P.L. 1986-25, §3.]

**§904. Special duties to act to prevent fraud, waste and abuse in the collection and expenditure of public funds.**

- (1) The office of the Auditor-General shall specially act to prevent and detect fraud, waste and abuse in the collection and expenditure of all public funds. The Auditor-General may audit any transaction involving the procurement of supplies or the procurement of any construction by Ministries of the Government of the Marshall Islands and the procurement of any supplies and services in connection with such construction.
- (2) The Auditor-General may conduct audits and investigations, when necessary, relating to programs and operations involving expenditure of public funds. He may review legislation and regulations relating to programs and operations involving expenditure of public funds and may make recommendations concerning the effect of such legislation or regulations on the prevention and detection of fraud, waste and abuse.
- (3) The person in charge or the governing body of any Ministry or authority engaged in any expenditure relating to any construction or