

HEGA
WDM

A BILL FOR AN ACT

To amend Public Law No. 9-154, by amending section 5, and to further amend title 55 of the Code of the Federated States of Micronesia, by amending section 505, for the purpose of paying amounts owed by the States for trust funds created by early retirement legislation, provided that an equal amount of funds are used by the States for certain Health and Educational needs, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 5 of Public Law No. 9-154 is hereby
2 amended to read as follows:

3 "Section 5. Relending Conditions.

4 (1) Relending of proceeds to a State shall be by
5 way of a Financing Agreement between the National
6 Government and the State which:

7 (a) requires the establishment of a separate
8 trust account within the national investment portfolio,
9 for the benefit of the State but under the control of
10 the Secretary of Finance, into which the State (or the
11 National Government, if a State meets the criteria set
12 forth in subsection (1)(b) of this section) must
13 gradually deposit, by September 30, 2001, and
14 thereafter maintain, a sum not less than the principal
15 balance which it owes;

16 (b) requires the National Government to pay
17 into a State's trust account amounts owed by the State
18 in accordance with subsection (1)(a) of this section,
19 provided that:

20 (i) the State creates a separate Health
21 and Education Fund and deposits into that Fund an
22 amount equal to the amount that it owes for its
23 subsection (1)(a) trust account;

24 (c) requires the State to use the money in
25 that Health and Education Fund solely for health and

*HEBA
Warr*

1 educational needs that do not involve:

2 (a) salaries or benefits for state
3 employees whose positions were created after the
4 effective date of Public Law No. 9-154;

5 (b) purchasing or maintaining vehicles,
6 other than school buses or ambulances;

7 (c) travel outside of the Federated
8 States of Micronesia;

9 (d) requires a State to pay to the National
10 Government any amount of money that was deposited into
11 the State's Health and Education Fund, created in
12 accordance with subsections (1)(b) and (1)(c) of this
13 section, if the Public Auditor determines that the
14 amount was used by a State for a purpose prohibited by
15 subsection (1)(c) of this section;

16 (~~e~~) grants to the National Government an
17 unconditional security interest in the State's share of
18 section 211 block grants and section 217 inflation
19 adjustments under the Compact of Free Association and
20 in the State's share of national tax revenues;

21 (~~f~~) binds the State to the set-off provisions of
22 section 3 of Public Law No. 9-136;

23 (~~g~~) contains such other provisions as the
24 President or the Bank may require; and

25 (~~h~~) is specifically and properly authorized by

HESA
WEM

1 the legislature of the State.

2 (2) Except as provided herein or in the loan
3 agreement with the Bank, the form of the Financing
4 Agreement shall be the same for all States so as to
5 assure that no State is preferred over any other
6 State."

7 Section 2. Section 505 of title 55 of the Code of the
8 Federated States of Micronesia is hereby amended to read as
9 follows:

10 "Section 505. Duties.

11 The duties of the Public Auditor shall be as
12 follows:

13 (1) The Public Auditor shall inspect and
14 audit transactions, accounts, books, and other
15 financial records of every branch, department,
16 office, agency, board, commission, bureau, and
17 statutory authority of the National Government and
18 of other public legal entities, including, but not
19 limited to, States, subdivisions thereof, and
20 nonprofit organizations receiving public funds
21 from the National Government.

22 (2) The Public Auditor shall inspect and
23 audit transactions, accounts, books, and other
24 financial records associated with any project,
25 program, and activity receiving funding in whole

1 or in part from public funds of the National
2 Government, including a State's Health and
3 Education Fund, created in accordance with
4 subsection (1)(b) and (1)(c) of Public Law
5 No.9-154.

6 (3) The Public Auditor shall perform audits
7 as otherwise specifically required by statute.

8 (4) The Public Auditor shall have the
9 discretion to perform audits, or assist in the
10 performance of audits, upon request by the States.

11 (5) The Public Auditor shall have the
12 exclusive audit jurisdiction over public funds of
13 the National Government of the Federated States of
14 Micronesia, but he shall have the authority to
15 contract for independent auditing services to be
16 performed under his supervision in instances where
17 specialized expertise is required, or where
18 auditing requirements are beyond the capacity of
19 the Public Auditor's staff and separate funding is
20 available.

21 (6) The Public Auditor shall file a report
22 at least once a year with the Congress. The
23 Public Auditor may file other reports at such
24 other times as he may determine. All reports of
25 the Public Auditor shall be made available to the

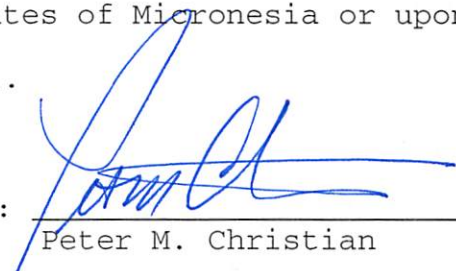
AESA
WEM

1 public.

2 (7) The Public Auditor may submit
3 recommendations with his audit reports which shall
4 be confined to matters within the jurisdiction of
5 the Public Auditor, including compliance or
6 noncompliance with laws governing the expenditure
7 of public moneys, and the need for amendments or
8 new laws to secure the efficient expenditure of
9 public funds.

10 (8) The Public Auditor shall keep a complete and
11 accurate record or file of all audit reports,
12 inspections, investigations, releases, audit work
13 papers, and other materials pertaining to the work of
14 the Office of the Public Auditor."

15 Section 3. This act shall become law upon approval by
16 the President of the Federated States of Micronesia or upon its
17 becoming law without such approval.

18
19 Date: May 16, 1997 Introduced by: 
20 Peter M. Christian

21
22
23
24
25