A BILL FOR AN ACT

To amend sections 210 and 211 of title 55 of the Code of the Federated States of Micronesia, as amended, to modify the definitions of Foreign Assistance Funds and Program Funds, and for other purposes.

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

Section 1. Section 210 of title 55 of the Code of the Federated States of Micronesia, as amended, is hereby amended to read as follows:

"Section 210. Foreign Assistance Fund.

(1) Definitions.

(a) "Agreement" shall refer to any arrangement, understanding, covenant, compact, transaction or other agreement, in any form, entered into by and between an official of the National Government, or the National government’s designee, and a foreign governmental entity, for the receipt or acceptance of financial assistance or aid, on behalf of any National or State governmental entity.

(b) "Foreign financial assistance" shall refer to currency, money, accounts or notes receivable, offered as aid or assistance to the National government of the Federated States of Micronesia, other than foreign aid or assistance considered as "program" in section 211.
or authorized by the provisions of the Compact of Free
Association between the Federated States of Micronesia
and the United States of America.]

(c) “Foreign in-kind assistance” shall refer to
any and all foreign assistance in the form of goods,
services, or other modes of assistance not covered under
subsection (1)(b) hereof.

(2) Approval by Congress. The President shall submit
any agreement for the acceptance or receipt of foreign
financial assistance to the Congress no later than the
first regular or special session of Congress convened
immediately subsequent to the execution of such
agreement, for approval by resolution.

(a) No such agreement shall be valid, and no
funds may be received pursuant to such agreement,
unless and until congress approves the agreement by
resolution.

(b) Should the Congress not approve such
agreement by resolution before the adjournment of the
first regular session following the President’s
submission of the agreement to Congress, that agreement
shall be deemed disapproved.

(3) Foreign Assistance Fund. There is hereby
established within the National Treasury of the
Federated States of Micronesia a foreign Assistance Fund
which shall initially consist of all unobligated balance of foreign assistance funds from the preceding fiscal year, and all foreign assistance funds designed for the National Government and made available beginning October 1, 1996. Thereafter, the Department of Finance shall receive, maintain a complete record of, and where applicable, deposit all foreign financial assistance as defined in subjection (1) of this section into the Fund, pursuant to the Financial Management Act of 1979.

(a) The President or the President designee shall notify the Congress of the receipt of foreign financial assistance, the amount thereof in U.S. dollars, and, where applicable, the deposit of such assistance into the Fund, no later than the first session of congress, be it regular or special, convened subsequent to such receipt.

(b) Where the foreign financial assistance received is denominated in the form of goods or services, the President or the President’s designee shall notify the congress of the value thereof in U.S. dollars, and the destination where such goods have been delivered, or locations where such services have been rendered, no later than the first session of the Congress convened subsequent to such receipt.
(4) Development of Fund – Duties of the Department of Finance. The Division of Investment Management of the Department of Finance shall, upon approval for the President and in cooperation with the Department of External Affairs, actively seek foreign assistance funding, foster productive use of foreign assistance, and produce reports on the acquisition, use, expenditure of, and fiscal obligations attendant upon, foreign assistance available to or received by the National Government of the Federated States.

(5) Reports. No later than April 1 of each year, the President shall submit to the Congress a report on the status of the Foreign Assistance Fund, which report shall include:

(a) a complete and accurate accounting of all foreign financial assistance received;

(b) a complete and accurate record of the manner in which the foreign financial assistance was distributed as among and between the States and the National Government; and

(c) whether such distribution comports with the provisions of article XII, section 1(b) of the Constitution.”
Section 2. Section 211 of title 55 of the Code of the Federated States of Micronesia, as amended, is hereby amended to read as follows:

"Section 211. Program Fund.

(1) Definition.

(a) The term "program[s]" refers to the following:

(i) [shall include all] [funds made available to the Federated States of Micronesia pursuant to sections 221(a); and 221(b) [(c), and 224 (program funds)] of the Compact of Free Association, as amended, and other funds made available to the Federated States of Micronesia by [and] United States statute through categorical, bloc, consolidated project, or discretionary grants.

(ii) [It shall also include] Financial grants received from any international or United Nations (UN) organization or UN agency.

(b) "Program" [It shall] Does not include other funds received pursuant to the Compact of Free Association, or funds received from the United States Department of Interior derived from its annual departmental budget, or those funds known as transition funds, nor indirect costs received for the administration of Federal programs.
(2) Program review.

   (a) The President shall review [Prior to the submittal of any] a first year or first time application, proposal, or preexpenditure report of a program [or any application, proposal, or preexpenditure report that request funding for $50,000 or more] prior to its submittal to any United States Federal agency, international organization, or UN agency. [, the President or his designee shall submit such application, proposal, or preexpenditure report to the Congress of the Federated States of Micronesia for its review and approval by resolution. If Congress is not in session, the appropriate committee shall review and approve the application, proposal, or preexpenditure report. The scope of such review shall be complete, with the ability to approve any aspect of any application, proposal, or preexpenditure. The approval of any application, approval, or preexpenditure report by the appropriate committee shall not obligate funds from the National Treasury where they are not otherwise appropriated pursuant to law. The Congress or the appropriate committee shall complete its review within 40 days of submission.]

(3) A grant award issued to a program shall be transmitted to Congress for its approval by resolution.
[(34)] Program Fund. There is hereby created within the National Treasury of the Federated States of Micronesia Program Fund into which all funds received by the Federated States of Micronesia from program sources, as defined in subsection (1) of this section, shall be deposited. The President or his designee shall notify Congress of grant awards and deposits to the Fund. Funds shall be administered and withdrawn by the President or his designee. Funds derived from United States program sources shall be accounted for and shall be in accordance with reporting requirements of the United States government. Initially, the Program fund shall consist of all prior year unobligated balances of program funds and all program funds designated for the National Government of the Federated States of Micronesia and made available beginning October 1, 1982.

[(4) Program reports. Prior to the submittal of any application, proposal, or preexpenditure report to any United States Federal agency, the President or his designee shall submit such application, proposal, or preexpenditure report to the Congress of the Federated States of Micronesia, whether or not its review and approval by the Congress of the Federated States of Micronesia is required by subsection (2) of this section.]"
Section 3. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: 5/26/14

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper
(by request)