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A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended by Public Law No. 5-16, by adding new sections 228 and 229 for the purpose of granting audit authority and audit powers to the Budget Officer of the National Government of the Federated States of Micronesia, and for other purposes.

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

1 Section 1. Title 55 of the Code of the Federated States of
2 Micronesia is hereby further amended by adding a new section 228 to
3 read as follows:

4 "Section 228. Budget Officer - Audit authority.

5 (1) The Budget Officer may inspect and audit
6 transactions, accounts, books, and other financial
7 records of every branch, department, office, agency,
8 board, commission, bureau, and statutory authority of the
9 National Government and of other public legal entities,
10 including, but not limited to, States, subdivisions
11 thereof, and nonprofit organizations receiving public
12 funds from the National Government.

13 (2) The Budget Officer may inspect and audit
14 transactions, accounts, books, and other financial
15 records associated with any project, program, and
16 activity receiving funding in whole or in part from
17 public funds of the National Government."

18 Section 2. Title 55 of the Code of the Federated States of
19 Micronesia is hereby further amended by adding a new section 229 to
20 read as follows:

21 "Section 229. Budget Officer - Audit powers.

22 (1) The Budget Officer may examine and inspect all
23 books, records, files, papers, documents, and all
24 financial affairs of every branch, department, office,
25 agency, board, commission, bureau, and statutory

1 authority of the National Government, as well as other
 2 public legal entities, including States and nonprofit
 3 organizations receiving funds from the National
 4 Government.

5 (2) The Budget Officer may audit the records of any
 6 contractor performing public work on a cost-reimbursement-
 7 type contract for the National Government of the
 8 Federated States of Micronesia to verify the cost charged
 9 to the public contract. Any contractor performing public
 10 work pursuant to a contract with the National Government
 11 of the Federated States of Micronesia shall keep and
 12 maintain records adequate to establish the validity of
 13 costs charged to the National Government.

14 (3) The Budget Officer may by subpoena summon
 15 persons to appear at a reasonable time before him and
 16 administer oaths to such persons. He may question such
 17 persons, under oath, regarding receipts and expenditures
 18 of money and any other reasonable and relevant matters
 19 necessary for the due execution of the duties vested in
 20 the Budget Officer by this chapter.

21 (4) The Budget Officer may issue subpoenas duces
 22 tecum within a reasonable time requiring the production
 23 of books, records, documents, or other relevant financial
 24 papers or objects necessary for the performance of his
 25 duties.

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1 (5) Any subpoena or subpoena duces tecum issued
2 under the authority of the Budget Officer shall run in
3 the name of the Federated States of Micronesia and shall
4 be addressed to the chief or other officer of the
5 Division of Security and Investigation of the Office of
6 the Attorney General of the National Government of the
7 Federated States of Micronesia. The subpoena or subpoena
8 duces tecum shall be signed by the Budget Officer and
9 shall identify the witness to be served or the books,
10 records, documents, or other relevant financial papers or
11 objects to be produced together with a reference to the
12 account subject to inspection and audit.

13 (6) Any officer to whom such subpoena or subpoena
14 duces tecum is directed shall forthwith serve or execute
15 the same upon delivery thereof to him.

16 (7) Any person who willfully fails or refuses to
17 appear upon receiving service of a subpoena, or who
18 willfully fails or refuses to produce any books, records,
19 documents, or other relevant financial papers or objects
20 designated in a subpoena duces tecum properly issued by
21 the Budget Officer, upon conviction thereof, shall be
22 fined not more than \$1,000, or imprisoned for not more
23 than 1 year, or both. Failure by the Budget Officer to
24 comply in any material respect with the requirements of
25 this section shall relieve any person of the obligation

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to appear or the obligation to produce designated materials, and such failure shall be a defense in any proceeding against such person for punishment.

(8) Any person subject to a subpoena duces tecum shall have only those privileges against producing books, records, documents, or other relevant financial papers or objects which are authorized under the rules of evidence of the Supreme Court of the Federated States of Micronesia, the Constitution of the Federated States of Micronesia, or other applicable law."

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: May 10/88

Introduced by: Claude H. Phillip
Claude H. Phillip
(by request)