AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-16, 5-88, 5-119, 5-121 and 5-136, by amending section 210 to provide for program review by the Congress of the Federated States of Micronesia for first year or first time federal grant applications, proposals, or preexpenditure reports and applications, proposals, or preexpenditure reports requesting $50,000 or more, and for other purposes.

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

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

2 "Section 210. Program Fund.

3 (1) Definitions. The term 'programs' shall include all funds made available to the Federated States of Micronesia pursuant to sections 221(a), 221(c), and 224 (program funds) of the Compact of Free Association and United States statute through categorical, block, consolidated project, or discretionary grants. It shall also include grants received from any international or United Nations organization. It shall 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.

4 (2) Program review. Prior to the submittal of any first year or first time application, proposal, or preexpenditure report or any application, proposal, or preexpenditure report that requests funding for $50,000 or more 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 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, proposal, or
preexpenditure report by the appropriate committee shall
not obligate funds from the National Treasury where they
were not otherwise appropriated pursuant to law. The
Congress or the appropriate committee shall complete its
review within forty days of submission.

(3) **Program Fund.** There is hereby created within the
National Treasury of the Federated States of Micronesia a
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 adminis-
tered 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 un-
obligated 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 2. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its becoming
law without such approval.

October 12, 1989

John R. Hatfield
President
Federated States of Micronesia