
A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia (Annotated), as amended, by amending sections 205, 224, and 224B, and further amending section 219, as amended by Public Law No. 19-154, for the purpose of clarifying provisions of the Financial Management Act of 1979 relating to the accounting duties of the Secretary of Finance, the documentary evidence required to support obligations, disbursement procedures, and the definition of "representation expense", and for other purposes.

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

1 Section 1. Section 205 of title 55 of the Code of the
2 Federated States of Micronesia (Annotated) is hereby amended to
3 read as follows:

4 "Section 205. Secretary of Finance – Accounting
5 Duties. (1) The Secretary of Finance of the Federated
6 States of Micronesia shall be the general accountant
7 of the General Fund of the Federated States of
8 Micronesia. He shall record and audit, or cause to be
9 recorded and audited, every receipt and disbursement
10 of money paid to, by, or through the National Treasury
11 of the Federated States of Micronesia. He shall have
12 full and complete supervision of all funds of the
13 Federated States of Micronesia, including the power to
14 withhold his approval when [~~necessary to prevent~~
15 ~~misappropriation of public funds as well as the~~
16 ~~disbursement of public moneys in excess of specific~~

1 ~~appropriations]~~ the disbursement of such funds would
2 be a violation of a specific appropriation.

3 (2) The Secretary of Finance shall keep a complete
4 set of double entry books in which he shall open or
5 cause to be opened all Government accounts and for the
6 several amounts as shown by the appropriation bill, or
7 any other appropriation that may at any time be made
8 by the Congress of the Federated States of Micronesia,
9 and he shall record his daily business transactions in
10 detail therein. He shall also keep ledgers in which
11 he shall open, arrange, and keep in a methodical and
12 systematic manner the various accounts so that the
13 status and condition of all funds and appropriations,
14 of all assets and liabilities, and of all income and
15 expenditures of all funds of the Federated States of
16 Micronesia may at any time be ascertained and known;
17 and further, he shall keep such books and all such
18 other auxiliary books and documents as he may deem
19 necessary for the correct and proper administration of
20 his office."

21 Section 2. Section 219 of title 55 of the Code of the
22 Federated States of Micronesia (Annotated), as amended by
23 Public Law No. 19-154, is hereby further amended to read as
24 follows:

25 "Section 219. Documentary evidence required to support

1 obligations. No amount shall be recorded as an
2 obligation of the Government of the Federated States
3 of Micronesia unless it is supported by documentary
4 evidence of:

5 (1) a binding agreement in writing, between the
6 parties thereto, including Government agencies, in a
7 manner and form and for a purpose authorized by United
8 States or Federated States of Micronesia law, executed
9 before the expiration of the period of availability
10 for obligation of the appropriation or fund concerned
11 for specific goods to be delivered, real property to
12 be purchased or leased, or work or services to be
13 performed; or

14 (2) a valid loan agreement, showing the amount of
15 the loan to be made and the terms or schedule of
16 repayment thereof; or

17 (3) an order required by United States or Federated
18 States of Micronesia law to be placed with an agency;
19 or

20 (4) an order issued pursuant to United States or
21 Federated States of Micronesia law authorizing
22 purchases without advertising when necessitated by
23 public exigency or for perishable subsistence supplies
24 or within specific monetary limitations; or

25 (5) a grant or subsidy payable:

1 (a) from appropriations made for payment of or
2 contributions toward sums required to be paid in
3 specific amounts fixed by United States or Federated
4 States of Micronesia law, or in accordance with
5 formulae prescribed by United States or Federated
6 States of Micronesia law, or

7 (b) pursuant to an agreement authorized by, or
8 plans approved in accordance with and authorized by
9 United States or Federated States of Micronesia law;
10 or

11 (6) a liability which may result from pending
12 litigation brought under authority of United States or
13 Federated States of Micronesia law; or

14 (7) employment or services of persons or expenses
15 of travel in accordance with United States or
16 Federated States of Micronesia law, or services
17 performed by public utilities; or

18 (8) any other legal liability of the Federated
19 States of Micronesia against an appropriation or funds
20 legally available therefor; or

21 (9) in the case of representation expenses and
22 official expense allowance expenses, an affidavit of
23 the allottee or sub-allottee describing the amount
24 ~~[and nature]~~, recipient, and use of the expenditure,
25 or a written contract or written receipt, submitted in

1 a timely manner in accordance with the provisions of
2 section 224A of this title, shall be deemed to be
3 sufficient documentary evidence to support a legal
4 obligation, and in the case where the sub-allottee is
5 a member of Congress, no further certification from
6 the Speaker shall be necessary."

7 Section 3. Section 224 of title 55 of the Code of the
8 Federated States of Micronesia (Annotated) is hereby amended to
9 read as follows:

10 "Section 224. Disbursement Procedures. Unless
11 otherwise specifically provided by law, the following
12 procedures shall control the administration and
13 management of all funds appropriated from the General
14 Fund of the Federated States of Micronesia or made
15 available to the Federated States of Micronesia from
16 other sources:

17 (1) All such funds shall remain in the custody and
18 control of the Secretary of Finance until they are
19 obligated and disbursed by him in accordance with law.

20 (2) Such funds shall be deemed to be obligated as of
21 the date the person or entity to whom the funds are
22 allotted enters into a legally binding written
23 agreement supported by the documentary evidence
24 required by section 219 of this chapter or rules and
25 regulations issued pursuant to authority vested by

1 section 228 of this chapter.

2 (3) The Secretary of Finance shall disburse such
3 funds as may be required to liquidate valid
4 obligations within 30 days of their becoming payable,
5 as indicated by valid documentary evidence of such
6 obligation and a valid claim for payment, if required
7 by the terms of the document evidencing the
8 obligation. If the Secretary fails to disburse such
9 funds within 30 days, the Secretary must provide
10 documentary evidence to the allottee that the
11 disbursement would be a violation of a specific
12 appropriation."

13 Section 4. Section 224B of title 55 of the Code of the
14 Federated States of Micronesia (Annotated) is hereby amended to
15 read as follows:

16 "Section 224B. Representation expense, delegation
17 expense and official expense allowance - Definitions.

18 (1) For purposes of this chapter, "official expense
19 allowance expense" means expenses incurred for goods or
20 services necessary to carry out the official duties of
21 the allottee or sub-allottee.

22 (2) For purpose of this chapter, "representation
23 expense" means expenses paid using Representation Funds
24 and incurred in the course of official public relations,
25 entertainment activities or constituent services

