

STANDING COMMITTEE REPORT NO. 14-65

RE: C.B. NO. 14-119/W&M

SUBJECT: APPROPRIATION OF FY2004 CAPACITY BUILDING CARRYOVER FUNDS

NOVEMBER 15, 2005

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
First Special Session, 2005

Dear Mr. Speaker:

Your Committee on Ways and Means to which was referred C.B. No. 14-119 entitled:

"A BILL FOR AN ACT TO FURTHER AMEND PUBLIC LAW 14-21 BY ADDING A NEW SUBSECTION TO SECTION 9 THEREOF TO APPROPRIATE FUNDS FOR CAPACITY BUILDING PURPOSES; AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The subject bill would appropriate \$1,227,934 of FY 2004 Public Sector Capacity Building carryover funds for a variety of projects including: fixed asset valuations; accounting advisors; budget advisors; procurement advisors; internal control and evaluation; a document imaging program; and capacity building in performance reporting in each of the four states and at the national level.

Your Committee held a hearing on the subject bill on November 8, 2005. During that hearing your Committee was advised that the projects to be funded in the bill were projects approved by JEMCO.

Another related matter that was discussed during the hearing was the capacity of the FSM to prepare the various reports required under the amended Compact without the on-going assistance of external consultants. Your Committee was advised that an employee of the Department of Economic Affairs has been trained to prepare the annual reports required under the amended Compact, but not the statistical component of those reports. In addition, we were advised of a proposal to transfer that employee's position to the Office of Compact Management. Your Committee does not support this proposal. We believe that the role of the Office of Compact Management should remain limited to one of liaison and coordination. The Office of Compact Management was never conceived as an Executive Department and it is the view of this Committee that it should not take over any part of the substantive activities of the Departments.

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You Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 14-119 and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading.

Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

/s/ Roosevelt D. Kansou
Roosevelt D. Kansou, vice
chairman

Peter M. Christian

Dohsis Halbert

Manny Mori

/s/ Claude H. Phillip
Claude H. Phillip

/s/ Simiram Sipenuk
Simiram Sipenuk