

STANDING COMMITTEE REPORT NO. 17-53

RE: C.R. NO. 17-26/W&M

SUBJECT: NOMINATION OF SECRETARY OF DEPARTMENT OF FINANCE AND  
ADMINISTRATION

OCTOBER 03, 2011

The Honorable Isaac V. Figir  
Speaker, Seventeenth Congress  
Federated States of Micronesia  
Second Regular Session, 2011

Dear Mr. Speaker:

Your Committee on Ways and Means (W&M), to which was referred C.R. No. 17-26 entitled:

"A RESOLUTION TO CONFIRM THE NOMINATION OF MR. TISER REYNOLD TO THE POSITION OF SECRETARY OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION OF THE NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA.",

begs leave to report as follows:

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

Mr. Tiser Reynold has been nominated by the President of the Federated States of Micronesia to be the Secretary of the Department of Finance and Administration (Finance). Article X, section 2(d), of the FSM Constitution and section 207 of title 2 of the Code of the Federated States of Micronesia state this nomination is subject to the advice and consent of Congress.

The nomination was transmitted to Congress as Presidential Communication No. 17-43. The nominee has most recently worked at the Department of Finance and Administration of the State of Kosrae. In the letter accompanying the nomination the President cites his performance at the Kosrae Department of Finance as indicative of Mr. Reynold's suitability to this position. The nominee's history and experience prove he has the qualifications needed to fulfill the position of Secretary of Finance.

PUBLIC HEARING

Your Committee held a public hearing with the nominee on August 6,

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2011. Chairman Halbert welcomed the nominee to the hearing and thanked him for his participation. Chairman Halbert then explained to the nominee the direction the Committee hopes the Department will go and why. Your Committee expressed its resolve that something must change at Finance. Your Committee cited numerous complaints about Finance from both the private sector and state and national governments as indicative of the need for change. The nominee agreed with the Committee. The nominee related his experience dealing with Finance while Secretary of Finance in Kosrae. He stated this experience would help him to identify and address the issues facing the Department.

Your Committee told the nominee it would like someone to shape things up at Finance. Your Committee hopes that if confirmed the nominee will remain a good listener and be responsive to complaints. The nominee ensured the Committee he would remain attentive and open minded if confirmed. He vowed to respond to complaints and to do all he could to alleviate them.

The nominee went on to explain three areas he had preliminarily identified as serious issues facing Finance. The three areas were lack of internal controls, the need for capacity building, and the review and revision of the processing of documents. The nominee offered this statement as a preview of the things he would prioritize should he be confirmed.

Your Committee then asked more specific questions relating to the nominee's ideas of the role and behavior of the Department. The nominee was asked what he thought about the current arrangement in which budget is assigned to the office of SBOC, separate from Finance. The nominee stated that in Kosrae, the Office of Budget and Planning was separate from the Department of Finance and this caused considerable friction between the two offices. However, the nominee went on to state that the issue is ultimately a matter of policy and is therefore properly left to Congress. Your Committee asked the nominee to keep this concern in mind if confirmed and to relate any insight gained on the job back to the Committee.

The nominee was questioned regarding the proper office to provide revenue projections. The nominee stated that revenue projections, especially information on actual collections, should be provided by a single office and be based on Finance's collection data. The nominee stated that in his opinion there should not be two sets of collection

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numbers as it should be easy to determine what has been collected.

The questioning then turned toward the customer service provided by Finance. Your Committee shared reports of poor customer service at Finance and asked the nominee if he would be able to improve service. The nominee stated that customer service was one aspect of his reform in Kosrae. The nominee stated that in Kosrae, the reforms aimed at improving customer service helped to improve other areas needing attention as well. He used as an example a 48 hour policy for document processing. Once implemented in Kosrae, this practice made processing times faster and more consistent, both improving customer service and leading to more timely payment and processing.

The nominee was questioned regarding his management style. The nominee believes in always having a backup for every employee in the office. He stated that cross training is the way to achieve this while avoiding redundant staffing. Your Committee welcomed this practice as a way of increasing efficiency at Finance. Your Committee shared with the nominee instances in which one Finance employee on sick leave led to a complete stoppage of processing and payment. The nominee stated this was exactly the result cross training would avoid.

The nominee was next asked whether Finance was responsible for preempting a payment for which there is sufficient budget but not enough cash in the account. The nominee responded that he believed Finance does bear this responsibility. The nominee shared his experience with this while at Finance in Kosrae. The nominee related that on multiple occasions he had stopped officials in Kosrae from traveling due to lack of funds, even though the budget existed for the trip. The nominee considers this the duty of Finance but admits it is a very difficult task.

Your Committee expressed its appreciation to the nominee for his candid responses and moved to adjourn the hearing. The nominee then restated his commitment to the position if confirmed and his resolve to improve the quality of services at the Department of Finance and Administration.

Your Committee recommends the following technical amendment to C.R. No. 17-26:

1. Page 2, line 2, delete "First Special" and insert "Second Regular"

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in lieu thereof.

CONCLUSION

Your Committee is satisfied with the qualifications and dedication of the nominee and recommends him with confidence for the position of Secretary of the Department of Finance and Administration. Your Committee on Ways and Means is in accord with the intent and purpose of C.R. No. 17-26, as amended herein, and recommends its adoption, in the form attached hereto, as C.R. No. 17-26, C.D.1.

Respectfully submitted,

/s/ Dohsis Halbert  
Dohsis Halbert, chairman

/s/ Peter M. Christian  
Peter M. Christian, member

/s/ Roger S. Mori  
Roger S. Mori, member

/s/ Tony H. Otto  
Tony H. Otto, member

/s/ David W. Panuelo  
David W. Panuelo, member

/s/ Joseph J. Urusemal  
Joseph J. Urusemal, member

/s/ Paliknoa K. Welly  
Paliknoa K. Welly, member