

STANDING COMMITTEE REPORT NO. 19-30

RE: C.R. NO. 19-52/W&M

SUBJECT: NOMINATION OF MR. NAKAMA SANA TO SERVE AS THE
PUBLIC AUDITOR OF THE FEDERATED STATES OF
MICRONESIA

AUGUST 14, 2015

The Honorable Wesley W. Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Second Special Session, 2015

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred
Congressional Resolution 19-52, entitled:

"A RESOLUTION TO CONFIRM THE NOMINATION OF MR. NAKAMA
SANA TO SERVE AS THE PUBLIC AUDITOR OF THE FEDERATED
STATES OF MICRONESIA.",

begs leave to report as follows:

The intent and purpose of this act is expressed in its
title.

Mr. Nakama Sana has been nominated by the President of the
Federated States of Micronesia to be the FSM Public
Auditor. Article X, section 2(d) of the Constitution of the
Federated States of Micronesia and title 2, section 207 of
the Code of the Federated States of Micronesia (Annotated)
states this nomination is subject to the advice and consent
of the Congress of the Federated States of Micronesia.

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Presidential Communication number 19-73, which accompanied C.R. No. 19-52, highlights Mr. Sana's experience in finance and as an auditor. Your Committee notes that as stated in P.C. No. 19-73, Mr. Sana was a Staff Auditor in Chuuk state for three years as well as three years as a Staff Auditor for the National Government in Palikir in the early 1990's. He is currently serving as the Chairman of the FSM Social Security Board of Trustees.

Your Committee on Ways and Means has reviewed C.R. No. 19-52 and P.C. No. 19-73 and concluded that Mr. Sana has outstanding credentials, which qualify him for this appointment.

Public Hearing

Your Committee held a public hearing on the nomination of Mr. Sana on July 17, 2015. Joining your Committee at the hearing was the nominee, representatives from the Public Auditor's Office, and a representative from the President's Office. Chairman Figir welcomed all the witnesses and the nominee before turning the floor over to the representative from the President's Office.

The representative from the President's Office stated that the President recommended Mr. Sana due to his education and experience. He stated that Mr. Sana had gained valuable experience working for the FSM Public Auditor and at the Chuuk State Public Auditor's offices. He went on to mention that the nominee had previously also worked as the Director of the Chuuk State Treasury and Commerce.

There were several representatives from the Public Auditors office at the hearing. One individual spoke to the work ethic of the nominee. He stated that he had worked with him previously and that the nominee was a hard worker.

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Your Committee asked Mr. Sana general questions regarding his family situation and any issues he would foresee if confirmed and required to move to Pohnpei.

The nominee stated that he has a family and his children are all grown, therefore there is no conflict with them moving schools. He stated that he could not foresee any other issues that would complicate his move to Pohnpei.

Your Committee asked the nominee how he was approached regarding the nomination. Specifically, if he was approached, if he approached the Executive, how he was informed (via telephone, email, in person) and his potential start date.

Mr. Sana stated that he did not go out of his way to advocate for the position. He stated that he was recommended and was ultimately selected out of a pool of individuals. He went on to elaborate that in his heart he was interested in the position. Mr. Sana recalled that when the President was in Chuuk, the President met with him briefly and told him that he was being considered for a position with the administration. He stated that he had received official notice of his nomination for Public Auditor via a telephone call from the President's Office.

The nominee stated that the current Public Auditors term expires in October of this year. He said that he would begin his term, if confirmed, in October.

Your Committee questioned the nominee about working for the FSM Public Auditor in Palikir and in Chuuk.

Mr. Sana stated that he had worked for both offices for a term of three years each. He stated that he joined the FSM Public Auditors Office in 1990 and left in 1992. He said

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that he left the FSM Public Auditor's Office to take a position with FSM Department of Finance and Administration.

The nominee stated that he worked as a staff auditor in Chuuk for three years from 2007-2009. He stated that he left that position to spend time with his son in Hawaii and to encourage him to pursue higher education. He also stated that at this time he was considering running for a political position.

Your Committee asked the nominee if he would sign off on a report that was highly critical of an individual that was highly placed in society or in politics? Your Committee also asked if he referred his findings to the Department of Justice (DOJ) and nothing was done, what would he do.

The nominee stated that he is aware of the standards that auditors must adhere by and he will abide by those standards. He went on to elaborate that one standard is independence and he will keep an independent mind when performing his duties. He said that he respects the standards and will abide by them.

Mr. Sana stated, in regards to the second part of the question, that he would stand by the work of his staff and he will refer findings to the DOJ then follow up to see if there is any more that they might need from his office.

Your Committee continued along the same line of questioning and asked if his staff had completed an investigation, then submitted a report that included an allegation of a violation of the law and suggested referring to the DOJ to prosecute but the Executive communicates to his office that he does not wish to prosecute, then what would he do.

The Nominee stated that the rule is clear, and that it is a legal mandate. He stated that he would work within the

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legal authority given to his office. He reiterated that if his office preforms an audit and finds illegality, then they refer to the DOJ, they do not prosecute.

Your Committee next asked the nominee if he could foresee any difficulty working with the current staff of the Office of the National Public Auditor.

Mr. Sana stated that being the head of any office is no simple task. He went on to state that he will do his best to work with the staff so that the office can function normally during the transition. Mr. Sana stated that he believes the staff is the backbone and a valuable asset of the Department. He also stated that he already has a good working relationship with many of the staff as he has worked with them previously. He concluded by saying that every individual has a different management style and no one is perfect, but he is always learning.

Your Committee next asked the nominee if he currently had any conflicts with taking the position, if he owned a business, for example. Your Committee also asked about the nominee's past political ambitions.

The nominee stated that he neither owned a business nor had any other conflicts with accepting the position. The nominee stated that he had ran for office in the past but he has decided to change course and has given up politics.

Your Committee expressed the importance of the Office of the National Public Auditor to the nominee and put forth its expectations of the head of that office. Your Committee explained that the Public Auditor is an independent office outside the Government in order to prevent political influence. Your Committee went on to state that when there are audit reports, which allege violations of the law, then we (government officials) owe

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it to the people that we serve to pursue those violations. Your Committee added that the work done by the Office of the National Public Auditor maintains accountability of government acts.

Comments from the States

Your Committee sent identical letters to the Governors and Speakers of the Legislature of all four states seeking their comment on the nominee. As of this report we have not received a response. Due to time constraints, your Committee will attach any response it receives to this report.

Your Committee would like to offer the following technical amendment to C.R. No. 19-52, to read as follows:

1. Page 1, line 11 delete "First" and insert "Second" in lieu thereof.

CONCLUSION

Upon review of the nominee and his qualifications your Committee is satisfied that the nominee is fit for service as the Public Auditor of the Federated States of Micronesia. Therefore, your Committee on Ways and Means recommends Mr. Nakama Sana be confirmed as the Public Auditor of the Federated States of Micronesia. Your Committee on Ways and Means is in accord with the intent and purpose of C.R. No. 19-52, and recommends its adoption in the form attach hereto as C.R. No. 19-52, C.D.1.

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Respectfully submitted,

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

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

/s/ Tiwiter Aritos
Tiwiter Aritos, member

Bonsiano F. Nethon, member

David W. Panuelo, member

/s/ Victor Gouland
Victor Gouland, member

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