



OFFICE OF THE FSM NATIONAL PUBLIC AUDITOR

Press Release #2015-03

ONPA Releases Inspection Report on SBOC's Violation of the FPA and the FSM Budget Law Regarding PMU Operational Budget for FY-2014

The FSM Congressional Committee on Transportation and Communication was concerned about the FY-2014 operational budget for the Project Management Unit (PMU) under the Department of Transportation & Communication. Through Standing Committee Report No. 18-163, the Committee stated, in part, that *"With the PMU funding, your committee is amazed that it could continue to function for the remaining of the FY-2014 without Congressional appropriation."*

PMU requested its full FY-2014 operational budget of \$1,250,909 and Congress appropriated \$312,727 for the first quarter only. No further appropriation was approved for the second and third quarters. PMU requested through the Office of SBOC to cover its budget shortfall, and OIA approved the extension for the availability of its (PMU's) lapsed but unobligated FY-2013 Compact Sector funds to cover its second and third quarters operational budget for FY-2014.

The Office of SBOC allotted the carry-over funds and PMU started availing them for its FY-2014 operational budget. However, the authority to allot and to spend the carry-over funds from FY-2013 took place, based only on the OIA approval, but without the appropriation by Congress as required.

Later in the year when PMU returned with its supplemental budget request, Congress then approved additional funding to cover the budget requirement for the fourth quarter.

Through SCR No. 18-163, Congress requested the National Public Auditor to review the use of unappropriated but used funding by PMU for the remaining of FY-2014. We conducted our inspection in response to the Committee's request and found that;

- SBOC's allotment of PMU's FY-2013 carry-over funds to supplement its FY-2014 operational budget did not comply with the FPA and the FSM Budget Law.

Our inspection was conducted in accordance with the *Quality Standards for Inspection* issued by the US Council of Inspectors General on Integrity and Efficiency (CIGIE).

The report can be viewed on our website:

<http://fsmopa.fm/files/onpa/2014/Final%20Audit%20Report%202015-03%20in%20PDF%20format.pdf>