



OFFICE OF THE FSM NATIONAL PUBLIC AUDITOR

Press Release No. 2015-02

ONPA Releases New Audit on SBOC's Allotment of Vetoed Appropriation Not Authorized by Law

The Office of the National Public Auditor (ONPA) announces the release of Audit Report No. 2015-02, *SBOC's Allotment of Vetoed Appropriation Not Authorized by Law*. A digital copy of the report is available for public review online at www.fsmopa.fm and printed copies are available at the ONPA offices in Palikir, Pohnpei and Weno, Chuuk. The audit was conducted in accordance with the standards for performance audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States of America.

The objectives of the audit were to determine whether the allotment of funds to Pohnpei State under Public Law 18-11 was in accordance with the related laws and regulations; and to determine the status of the allotted funds.

Based on the audit, ONPA concluded that:

- The allotment of funds by the Office of SBOC to Pohnpei State did not comply with the related laws and regulations. The President line item vetoed the \$895,000 apportionment to cover the principal amount owed by Pohnpei employers to Social Security Administration. When the Director of SBOC allotted \$1 Million to Pohnpei State, the allotment included the \$895,000 that the President had vetoed. Consequently, the \$895,000 was improperly allotted.
- As of the date of the final audit, the National Government had not collected or set up any arrangement to collect the allotment balance of \$521,708 that was disbursed to Pohnpei State from the National Treasury.

The ONPA recommended the following:

1. The Director of SBOC should;
 - Ensure that clear and specific interpretation of the law is obtained prior to issuing an allotment especially where a Presidential veto was involved; and,
 - Exercise due care when preparing and issuing advice of allotment.

2. The Secretary of DOJ should;
 - Provide specific and direct answers in their legal opinions to specific questions and issues raised by other departments and offices within the government.

Given that each department and office at the National Government depends on the DOJ for the interpretation of the law, and that each department/office does not have its own attorney, it is an expectation throughout the government that all legal opinions issued by the department should be succinctly clear and should directly answer the questions and issues raised.

3. The Secretary of Finance and Administration should recover the funds and report the status to the President and Congress.

The Management Responses are included as Appendix in the final audit report.

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