

CHAPTER 11

Trust Territory Financial Management

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SUBCHAPTER I

General Provisions

§ 1111. Expenditures in excess of amount available.

(1) No officer or employee of the Trust Territory shall make or authorize an expenditure from or create or authorize an obligation under any appropriation, apportionment, reappropriation, or allotment of funds of the United States Congress or the Congress of Micronesia in excess of the amount available therefrom; nor shall any such officer or employee involve the Trust Territory Government in any contract or other obligation, for the payment of money for any purpose, in advance of appropriations made for such purpose.

(2) In case of a violation of subsection (1) of this section, the director of the Department of Finance shall immediately report to the High Commissioner and the Congress all pertinent facts together with a statement of the action taken thereon.

(3) Any officer or employee of the Trust Territory who shall knowingly and willfully violate subsections (1) or (2) of this section shall upon conviction be fined not more than \$1,000, or imprisoned for not more than one year, or both.

Source: COM PL 6-108 §§ 1-3; TT Code 1980, 77 TTC 404.

§ 1112. Documentary evidence of Trust Territory obligations.

No amount shall be recorded as an obligation of the Trust Territory unless it is supported by documentary evidence of:

(1) a binding agreement in writing between the parties thereto, including Government agencies, in a manner and form and for a purpose authorized by United States or Trust Territory law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services performed; or

(2) a valid loan agreement, showing the amount of the loan to be made and the terms of repayment thereof; or

(3) an order required by United States or Trust Territory law to be placed with an agency; or

(4) an order issued pursuant to a United States or Trust Territory law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or within specific monetary limitations; or

(5) a grant or subsidy payable:

(a) from appropriations made for payment of, or contributions toward, sums required to be paid in specific amounts fixed by United States or Trust Territory law, or in accordance with formulae prescribed by United States or Trust Territory law; or

(b) pursuant to an agreement authorized by, or plans approved in accordance with and authorized by, United States or Trust Territory law; or

(6) a liability which may result from pending litigation brought under authority of United States or Trust Territory law; or

(7) employment or services or expenses of travel in accordance with United States or Trust Territory law, and services performed by public utilities; or

(8) any other legal liability of the Trust Territory against an appropriation or fund legally available therefor.

Source: COM PL 6-111 § 1; TT Code 1980, 77 TTC 406.

§ 1113. Time limitation on availability of appropriations or funds.

No appropriation or fund which is limited for obligation purposes to a definite period of time shall be available for expenditure after the expiration of such period except for the liquidation of amounts obligated in accordance with section 1112 of this chapter; but no such appropriation shall remain available for expenditure for any period beyond that authorized by United States or Trust Territory law.

Source: COM PL 6-111 § 2; TT Code 1980, 77 TTC 406.

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SUBCHAPTER II

General Fund of the Congress of Micronesia

§ 1121. Purpose.

The purpose of this subchapter is to create a general fund, and to control all disbursements therefrom.

Source: COM PL 3-1 § 1; TT Code 1970, 77 TTC 1251; TT Code 1980, 77 TTC 451.

§ 1122. General Fund established—Deposit of revenues.

There is hereby established a General Fund of the Congress of Micronesia, into which all revenues raised pursuant to the tax laws and other revenue laws of the Trust Territory shall be deposited.

Source: COM PL 3-1 § 2; TT Code 1970, 77 TTC 1252; TT Code 1980, 77 TTC 452.

§ 1123. Disbursements.

The Trust Territory treasurer is hereby authorized to make such disbursements from the General Fund of the Congress of Micronesia as may be authorized and appropriated thereby.

Source: COM PL 3-1 § 3; TT Code 1970, 77 TTC 1253; TT Code 1980, 77 TTC 453.

SUBCHAPTER III

Department of Finance

§ 1131. Director's administrative responsibilities generally.

The director of the Department of Finance of the Trust Territory shall be personally responsible for the administration, collection, and safekeeping of all moneys due and paid into the Treasury of the Trust Territory as general realization of the Congress of Micronesia, and for the disbursement and appropriation thereof, pursuant to law; provided, that in case of larceny or embezzlement of any moneys by any officer of his department or other persons, the director shall be allowed to state in evidence that he had no collusive knowledge thereof, and the establishment of this fact shall discharge him from personal responsibility.

Source: COM PL 6-33 § 1; TT Code 1980, 77 TTC 501.

§ 1132. Records of transactions.

The director of the Department of Finance of the Trust Territory shall keep, or cause to be kept, in appropriate books, a clear, distinct, and full record of all the transactions and business of his Department.

Source: COM PL 6-33 § 2; TT Code 1980, 77 TTC 502.

§ 1133. Director's accounting and fund supervisory duties.

The director of the Department of Finance shall be the general accountant of the General Fund of the Congress of Micronesia. He shall audit or cause to be audited and cause to be recorded every receipt and disbursement of money

made to, by, or through the Treasury of the Trust Territory. He shall have complete supervision of all funds of the Congress of Micronesia. Further, he shall have the power, by withholding his approval when necessary, to prevent the misappropriation of public funds as well as the disbursement of public moneys in excess of specific appropriations.

Source: COM PL 6-33 § 3; TT Code 1980, 77 TTC 503.

§ 1134. Accounting methods.

The director of the Department of Finance shall keep a complete set of double entry books in which he shall open or cause to be opened all Government accounts and the several amounts as shown by the appropriation bill, or any other appropriation that may be at any time made by the Congress of Micronesia, and he shall record his daily business transactions in detail therein. He shall also keep ledgers in which he shall open, arrange, and keep in a methodical and systematic manner the various accounts so that the status and condition of all funds and appropriations, of all assets and liabilities, and of all income and expenditures of the General Fund of the Congress of Micronesia may at any time be ascertained and known; and further, he shall keep such books and all such other auxiliary books as he may deem necessary for the correct and proper administration of his office.

Source: COM PL 6-33 § 4; TT Code 1980, 77 TTC 504.

§ 1135. Lapse of unexpended funds.

Unless otherwise provided by law, all sums of money which are appropriated to the public service for any fiscal period, and which are not expended during the period, shall lapse and shall not be issued or applied in any future fiscal period to the particular service for which the appropriation has been so made, unless a contract of engagement has been made and entered into before the expiration of the fiscal period by which a liability to issue or apply the same has been incurred, and a certified copy of such contract or engagement has been deposited with the director of the Department of Finance.

Source: COM PL 6-33 § 5, TT Code 1980, 77 TTC 505.

§ 1136. Closing out accounts and transfer of unexpended balance.

In all cases where appropriation of public money is made and an unexpended balance remains to the credit of the appropriation on the books of the director of the Department of Finance after the purposes of the appropriation have been accomplished, or after the time has expired within which those purposes may be accomplished, or after a time when the reasons for the appropriation have ceased to exist, the director, upon the receipt of a certificate from the head of the Department or other public officer who is charged with the duty of expending the appropriation that they have been fully paid and satisfied may, with the written approval of the High Commissioner, close out the appropriation account and transfer the unexpended balance to the credit of the General Fund of the Congress of Micronesia.

Source: COM PL 6-33 § 6, TT Code 1980, 77 TTC 506.

§ 1137. Rules and regulations.

The Director of Finance is hereby given the authority to prescribe departmental rules and regulations which are necessary to carry out the intent of this chapter.

Source: COM PL 6-33 § 7; TT Code 1980, 77 TTC 507.