

**MEMORANDUM OF UNDERSTANDING
COOPERATION AND MUTUAL SUPPORT BETWEEN OFFICE
OF POHNPEI STATE PUBLIC AUDITOR, POHNPEI STATE
DEPARTMENT OF PUBLIC SAFETY AND THE OFFICE OF
POHNPEI STATE ATTORNEY GENERAL**

Whereas, it is understood that the Pohnpei State Legislature provided the authority to the Office of Pohnpei State Public Auditor under PSC, Title 5 Chapter 1 to:

- Inspect all transactions of all books and accounts kept by or for all departments, offices, and agencies of the State and its political subdivision and all projects, programs, activities or organizations within the State receiving public funds;
- Examine and discover evidence of any unauthorized, illegal, irregular, improper, or unsafe handling or expenditure of State funds, or improper practice of financial administration shall be conducted at least once in every two years after the close of a fiscal year, and at such other times or times during the fiscal years as the Auditor shall deem necessary.
- Determine whether an entity has complied with laws and regulations having a material effect upon financial statements; determine whether an entity is managing and using its resources (staff, equipment, facilities) effectively, economically, efficiently and is in compliance with laws and regulations concerning economy an efficiency; and determine whether the desired results or benefits established by Legislature or other authorizing body are being achieved and whether program administrators have considered alternatives for more economical results; and submit recommendations within the jurisdiction of the Auditor, including compliance or non-compliance with laws governing the expenditures of Public monies; and
- In the conduct of such activities, the Auditor may by precept under his hand require all such persons as he may think fit to appear personally before him at any time and place to be named in the precept, and to produce all such accounts, books, records, files papers and documents in the possession or control of such persons as shall appear to be necessary for the purpose of examination. The Auditor may cause search to be made and extracts to be taken from any book, paper or record in the custody of any public officer without paying any fee for the same; and every officer having the custody of

the books, records, files, papers, and documents shall make such search and furnish such extracts as thereto requested.

- In the case the Auditor at any time discovers evidence of unauthorized, illegal, irregular, improper or unsafe handling or expenditures of Pohnpei funds, or other improper practice of financial administration is contemplated, the Public Auditor may refer the matter to the Compliance Investigation Division to conduct a preliminary inquiry or investigations;
- Make referrals to the Office of Pohnpei State Attorney General for consideration of criminal and civil adjudication when in the course of performing the civil duties of the Public Auditor, information are obtained that suggests criminal violations of the Pohnpei State laws and regulations.
- Keep a complete and accurate record or file for all audit reports, inspections, investigations, releases, audit work papers, and other materials pertaining to the work of the Office of the Public Auditor;

Whereas, the Office of Pohnpei State Public Auditor has retained an Audit/Investigation Advisor to train and enhance the skill of staff in better recognizing and investigating fraud and white collar crime and corruption in public service, and recognizing that the Advisor also has experience in investigating cases of financial crime, misconduct and corruption in public office, particularly conflict of interest, bribery, theft, embezzlement, fraud, solicitation, misappropriation of public resources, abuse of official authority, and post employment restriction; it is hereby understood:

- The State Auditor in the performance of his duties, may employ services of one or more certified public accountant or accounting firms, and such other assistant and clerical workers as may be necessary; PROVIDED FURTHER that the cost thereof shall not exceed such sums as may be available out of the appropriation provided by law for the conduct of his office, and PROVIDED FURTHER, that such accountant, firms and assistants are entirely independent of the departments, offices, and agencies of the state and its political subdivision whose affairs are subject to audit by the Auditor.
- The Advisor will administer, advise, and train on the Compliance Investigation Division within the Office of Pohnpei State Public Auditor jointly with the Department of Public Safety on a case by case basis to

further the detection, investigation, and prevention of non-compliance in public office, misuse of public resources, financial crime, and financial corruption or any other breach of Pohnpei State Law or regulations involving, in whole or in part, public funds from the Pohnpei State Government; and

- The Compliance Investigation Division staff will be permanently located within and be under the auspices of the Office of Pohnpei State Public Auditor on all assignments relevant to the duties and powers of the Office of Pohnpei State Public Auditor cited above; and
- To further the confidence of officials, citizens, and visitors of Pohnpei State have in the activities of Pohnpei State Government officials, employees, and programs, the Compliance Investigation Division will provide assistance in developing and delivering training and public education on fraud awareness to promote ethical and lawful conduct within government.

Whereas, it is understood that the Department of Public Safety has the authority to initiate and conduct investigations of violations of Pohnpei State Laws and may authorize other persons to perform certain enforcement functions on his behalf, the Director of Department of Public Safety as the appointee of the Governor of Pohnpei State Government with the advice and consent of the Pohnpei State Legislature promises to uphold and support the laws and the Constitution of Pohnpei State, and accordingly ensure that every citizen and resident of Pohnpei FSM be accorded to their constitutional rights; it is hereby agreed that:

- The Department of Public Safety will provide assistance to the Compliance Investigation Division as may be required on a case by case basis;
- The Office of Pohnpei State Public Auditor and Department of Public Safety will conduct joint investigations on criminal activities relating to financial fraud and financial corruption on a case by case basis;

Whereas, it is understood that the Office of Pohnpei State Attorney General has the authority to initiate and conduct prosecutions of violations of Pohnpei State Law; and that the Attorney General as the appointee of the Governor of Pohnpei State Government with the advise and consent of the Pohnpei State Legislature promises to uphold and support the laws and the Constitution of Pohnpei State, and accordingly ensure that every citizen and resident of Pohnpei, FSM be accorded their constitutional rights; it is hereby agreed that:

- The Office of Pohnpei State Attorney General will provide assistance to the Compliance Investigation Division as may be required on a case by case basis; and
- The Office of Pohnpei State Public Auditor and the Department of Public Safety will provide investigations and prosecution support to the Office of Pohnpei State Attorney General as may be required on a case by case basis, and,
- The Office of the Pohnpei State Public Auditor may, on a case by case basis, provide investigative services to the Office of Attorney General during its investigation of misuse of public resources, financial fraud, public corruption, or other breach of Pohnpei State law involving public funds, including requiring persons to appear for examination and to produce accounts, books, records, files, papers and documents in the possession or control of such persons.

Whereas, the undersigned do both desire to promote to the fullest extent possible integrity, honesty, accountability, and excellence in government service, it is agreed that:

- The Office of the Pohnpei Public Auditor, when he/she receives allegations of non-compliance in public office, misuse of public resources, financial crime, financial corruption, or any other breach of Pohnpei State Law or regulations involving, in whole or in part, public funds from the Pohnpei State Government, may authorize the Compliance Investigation Division to conduct preliminary inquiry to ascertain whether there is reasonable cause to warrant an investigation into the allegation;
- The Compliance Investigation Division, when conducting a preliminary Inquiry and finding criminal activities relating to financial fraud and financial corruption may conduct a joint investigation with the Department of Public Safety and/or the Office of the Attorney General during the course of the investigation and transmit as report and recommendations to the Office of Attorney General of the results of such investigations;
- The Compliance Investigation Division will work, train and advise with litigation support as well as the Department of Public Safety to develop,

investigate and assist in investigation and prosecution of government financial fraud and financial corruption cases relating to government funds and related resources;

- The investigators of the Compliance Investigation Division will be deputized Police Officers of the Department of Public Safety; and recognized as a law enforcement agency for the purposes of conducting preliminary inquiries, investigations or other functions as agreed under this memorandum of understanding;
- The Compliance Investigation Division will collect, store, analyze, and apply information and intelligence obtained during the course of its function under this memorandum of understanding and, where appropriate, disseminate and exchange this information and intelligence with other appropriate law enforcement agencies or government bodies within the Federated States of Micronesia on a confidential basis; and
- The Department of Public Safety will assist in designating an investigator to assist the Compliance Investigation Division on a part time as needed basis. Expenses and salaries of designated officers will be borne by their respective employing agency.

This agreement is entered into on 20th day of June 2017.



Ihlen K. Joseph
State Public Auditor

Date: 06-20-17



Benito Cantero
Director
Department of Public Safety

Date: 6/20/17



Dana W. Smith
Attorney General

Date: 6-20-17