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July 7, 1986

Mr. Randall E. Davis
Associate Director for Natural Resources,
Energy and Sciences
Office of Management and Budget
260 Old Executive Office Building
Washington, D.C. 20502

Dear Mr. Davis:

Enclosed is the Department of the Interior's interpretation of the Department's responsibility during the Post-Trusteeship period as defined in Public Law 99-239, the Compact of Free Association.

This interpretation includes only those responsibilities which are specifically assigned to the Department in the Public Law. We are recommending this definition of responsibilities be included in the proposed Executive Order, Management of the Compact of Free Association.

Ann is on travel at the present time, but in her absence she requested that I transmit this material to you directly. I am hopeful this information will be useful in preparing the final version of the draft Executive Order for the President's consideration.

Sincerely

/s/ J. Lisle Reed

J. Lisle Reed
Deputy Under Secretary

Enclosure

cc: Secretary's Surname
Secretary's Reading File (2)
TIA File/RF
US, ES
LMorgan 6/3/86
Revised:DUS:LReed:dj:7/7/86

COMPACT OF FREE ASSOCIATION - P.L. 99-239

The Department of the Interior's role and responsibilities under the Compact will be as follows:

A. Federal Programs and Services

The Department of the Interior's (DOI) role would be limited to monitoring and coordinating all Federal assistance programs and services in the Freely Associated States (FAS). The extent of our involvement would be a request that all agencies notify DOI of grant awards as well as the status of ongoing programs on a regular basis. DOI would serve as a repository of data for all Federal programs provided to the FAS and would be responsible, as needed, to coordinate actions of the Federal agencies vis-a-vis those programs, when necessary.

The Department does not have the personnel or experience to supervise directly specific programs and would depend on the responsible Federal agency to provide the services in accordance with their rules and regulations. These procedures would be followed whether the funds are provided directly to DOI for a Federal program or directly to a Federal agency. When funds are appropriated to DOI, the Department would enter into economy act agreements with the responsible Federal agencies for performance of the program and would be responsible for preparing annual budgets.

It is understood that if disagreements between Federal agencies cannot be resolved by the heads of those respective agencies, then the issue will be presented to the Interagency group on FAS affairs for guidance and resolution.

Applicable sections of P.L. 99-239 are 105, 111, 122, 221, 223 and 224.

B. Budget and Finance

DOI will prepare and submit the annual budget for the Compact (P.L. 99-239) to the U.S. Congress. Interior also will be responsible for monitoring the use of the funds in accordance with the specific terms and conditions of the Compact and preparing reports on these activities.

Applicable sections of P.L. 99-239 are 105, 111, 177, 211, 212, 213, 214, 215, 216, 217 and 231.

C. Audit and Reporting and Administration

DOI will carry out Executive Branch responsibilities for audit of Compact funds as specified in Section 233 of the Compact and Title I of P.L. 99-239.

DOI also will be responsible for preparing various reports required under the Compact as well as providing general administrative and technical support, as needed, to FAS and other Federal agencies.

Applicable sections of P.L. 99-239 are 105, 301, 302 and 303

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