



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

Website: <http://opacnmi.com>

1236 Yap Drive, Capitol Hill, Saipan, MP 96950

Mailing Address:
P.O. Box 501399
Saipan, MP 96950

E-mail Address:
mail@opacnmi.com
Phone: (670) 322-6481
Fax: (670) 322-7812

July 23, 2020

Interagency Audit Coordinating Advisory Group:

The Honorable Victor B. Hocog, Senate President

The Honorable Blas Jonathan T. Attao, Speaker of the House of Representatives

The Honorable Edwin K. Propst, Minority Leader for the House of Representatives

Mr. David Atalig, Secretary of Finance

Ms. Virginia C. Villagomez, Special Assistant for the Office of Management and Budget
Saipan, MP 96950

Dear Interagency Audit Coordinating Advisory Group:

Report on CNMI Agencies' Implementation of Audit Recommendations

Enclosed is a copy of the status report on CNMI agencies' implementation of audit recommendations reported in audit reports issued by the Office of the Public Auditor (OPA) for June 2020. OPA tracked 27 audit and inspection recommendations from December 2019 to June 2020.

OPA sent follow-up emails and called government agencies with unresolved audit and inspection recommendations as of June 2020. Based upon our review, three audit recommendations were resolved. This report incorporates agency responses to our follow-up emails and responses based on requested documents obtained by OPA on or before June 22, 2020.

In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals in the audits are not disclosed in this report. All OPA audit and inspection reports can be found on www.opacnmi.com.

Sincerely,

Michael Pai, CPA
Public Auditor

Enclosures
MP/db/gt/md

Cc: Honorable Ralph DLG. Torres, Governor
David Blake, OPA
Geraldine Tenorio, OPA
Ashley Kost, OPA

Executive Summary
Report on CNMI Agencies' Implementation of Audit Recommendations,
As of June 2020
Report No. 20-05, July 23, 2020

Background

The Office of the Public Auditor (OPA) maintains an audit recommendations tracking system to monitor the implementation and resolution of audit and inspection recommendations. On a semi-annual basis, OPA issues its *Report on CNMI Agencies' Implementation of Audit Recommendations*, commonly referred to as the Audit Recommendations Tracking System (ARTS) report, which presents the audited agencies' implementation of OPA's recommendations.

The provisions of 1 CMC §2307 established the Interagency Audit Coordinating Advisory Group (Coordinating Group) consisting of the presiding officer and minority leader of each house of the Legislature, the Secretary of Finance, and the Special Assistant for Management and Budget. According to the law, the Coordinating Group is to review all audit reports of the Public Auditor, and the Public Auditor will discuss the manner in which audit recommendations can be implemented with the assistance of the members of the Coordinating Group. The Coordinating Group shall also recommend to the Governor and to the Legislature any changes in laws or regulations, which it finds necessary or desirable as a result of its work with the Public Auditor.

Since 2000, OPA has not received any request for consultation from the Coordinating Group. However, OPA has been issuing follow-up letters, email messages, and/or contacting agencies with outstanding recommendations to request for information on corrective actions taken to implement OPA's audit and inspection recommendations. When requested, OPA staff meets with agency officials to discuss and clarify actions required to address OPA's audit and inspection recommendations. This report incorporates agency responses to OPA's follow-up emails or documents obtained by OPA on or before June 22, 2020. In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals are not disclosed in OPA's ARTS report.

Classification of OPA Audit Recommendations

OPA recommendations are classified as either *resolved* or *unresolved*. A *resolved* recommendation is one in which OPA is satisfied that the client has taken corrective action to meet the intent of the recommendation or OPA has withdrawn from it. An *unresolved* recommendation is one in which the client cannot take immediate action or we have not been informed by the concerned agency or department of any action taken to address the recommendation.

Status of OPA Audit Recommendations

OPA tracked a total of 27 audit and inspection recommendations as of June 2020, including 7 from two new audit reports. Of the 27 audit and inspection recommendations, three were resolved. The table below presents the status of OPA's audit and inspection recommendations.

Audit Reports	Report No.	Report Date	Unresolved	Resolved	Unresolved
<i>New</i>			<i>New</i>		
DOF – Audit of Government Vehicles	20-03	2/26/2020	2	0	2
DOF – Audit of Fuel Contract	20-02	1/28/2020	5	0	5
<i>Previously Tracked</i>			<i>From previous ARTS</i>		
DOF – Audit of Excise Taxes	14-01	9/29/2014	2	0	2
DPS – Audit of Evidence Facility	15-01	3/11/2015	1	0	1
DPS – Inspection of CI Fund	19-06	9/24/2019	2	1	1
CEC – Inspection of Ballot Accountability	19-04	6/18/2019	3	0	3
DPL – Audit of Land Leases and Temporary Permits	18-01	7/17/2018	2	0	2
DPL – Inspection of Lease No. L9104S	19-02	4/11/2019	3	0	3
CUC – Audit of Organizational Structure	17-02	4/25/2017	1	1	0
CHCC – Audit of Patient Revenue Cycle	17-01	3/16/2017	3	1	2
DLNR – Audit of the Outer Cove Marina	15-03	10/5/2015	3	0	3
Total			27	3	24

STATUS OF AUDIT RECOMMENDATIONS

DEPARTMENT OF FINANCE, Division of Procurement and Supply (DOF-P&S)

Audit of Government Vehicles

2 unresolved, 0 resolved

Report No. AR-20-03, Issued February 26, 2020

(Link to Inspection Report: [http://opacnmi.com/resources/files/reports/audit/Audit%20of%20Government%20Vehicles_Final%20Report%2002_26_20\(1\).pdf](http://opacnmi.com/resources/files/reports/audit/Audit%20of%20Government%20Vehicles_Final%20Report%2002_26_20(1).pdf))

Findings	Recommendations	Current Status	Agency Response
<p>1. DOF-P&S Does Not Maintain Accurate Vehicle Records.</p>	<p>1. DOF-P&S should:</p> <p>(a) Enforce its Property Management Policies and Procedures to ensure the accuracy and completeness of records, such as:</p> <ul style="list-style-type: none"> • review and reconcile inventory records on the JDE System; • conduct annual physical inventory; and • perform random audits to validate the integrity of the property control process. <p>(b) Provide adequate training to staff to ensure that staff are knowledgeable of the laws, regulations, and policies and procedures as it relates to their duties and responsibilities.</p>	<p>Unresolved</p>	<p>DOF-P&S's Response: There are a total of 126 vehicles cited with discrepancies and we've corrected 106 of them or 85% of the total which leaves us with 20 or 15% vehicles pending. The remaining/pending vehicles list and corrections to be done will be forthcoming.</p> <p>OPA's Response: OPA commends DOF-P&S on their efforts in updating the Master File for all active government vehicles. OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>
<p>2. DOF does not monitor or enforce compliance with Vehicle Laws and Regulations.</p>	<p>2. DOF-P&S should:</p> <p>(a) Monitor or enforce agencies' compliance with laws and regulations pertaining to government vehicles.</p> <p>(b) Hold agencies accountable for properties in their control.</p> <p>(c) Make a determination whether "factory tint" is allowable under 1 CMC §7406(e). This may include obtaining clarification from the Office of the Attorney General or the Legislature.</p>	<p>Unresolved</p>	<p>OPA's Response: OPA notes that DOF-P&S did not communicate a response to these recommendations. Therefore, OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>

DEPARTMENT OF FINANCE, Division of Procurement and Supply (DOF-P&S)

Audit of the CNMI Government Fuel Contract

5 unresolved, 0 resolved

Report No. AR-20-02, Issued January 28, 2020

(Link to Audit Report: http://opacnmi.com/resources/files/reports/audit/OPA%20Report%20No_%202020-02%20Audit%20of%20the%20CNMI%20Govt%20Fuel%20Contract.pdf)

Findings	Recommendations	Current Status	Agency Response
<p>1. DOF did not regulate the issuance, renewal, and cancellation of fuel cards.</p>	<p>1. DOF adopt, implement, and communicate policies and procedures (SOPs) for the issuance, renewal, and cancellation of fuel cards.</p> <p>2. DOF maintain a listing of all fuel cards.</p>	<p>Unresolved</p>	<p>DOF-P&S's Response: According to P&S, a written memorandum from DOF-P&S Acting Director and concurred by the Secretary of Finance will be issued to Marianas Acquisition (IP&E) to strictly enforce that no Government Agency is allowed to request for a Government Fleet Card, Corporate Card, or Container card without the DOF-P&S Acting Director's approval. All Cards issued without the knowledge or approval from the DOF-P&S Acting Director will be confiscated and payment will be made in the hands of the requester.</p> <p>Additionally, DOF-P&S will re-issue a memorandum to all department and activity heads that they must provide a written justification to the DOF-P&S Acting Director regarding their request for a Government Fleet Card or Container Card with a vehicle registration attached.</p> <p>DOF-P&S will work closely with Marianas Acquisition (IP&E) on the listing of all Government Fleet Cards, Container Cards, and Corporate cards that were already issued to the Departments/Agencies excluding autonomous agencies to UPDATE DOF-P&S listing of all active, expired, returned, or cancelled fuel cards.</p> <p>OPA's Response: OPA commends DOF-P&S on their efforts towards resolving the recommendation. However, until DOF-P&S formally adopts and implements policies and procedures and maintains an active fuel card listing, OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>
<p>2. DOF was unable to implement controls over corporate cards due to the inherent nature of corporate cards.</p>	<p>3. DOF replace all corporate cards with fleet cards until DOF develops and implements controls, including monitoring controls, over the government's use of corporate cards.</p>	<p>Unresolved</p>	<p>DOF-P&S's Response: According to DOF-P&S, a written justification from the Department/Agencies whom are requesting for Government Corporate card SHALL justify the reason "WHY" a corporate card is needed for their Department/Agencies or their respective Divisions. The requesting Department/Agency must provide vehicle registrations for all vehicles that the government is utilizing for community services to the public. This suggestion is to help control the abuse of the Government Corporate Cards.</p>

STATUS OF AUDIT RECOMMENDATIONS

Audit of the CNMI Government Fuel Contract

5 unresolved, 0 resolved

Report No. AR-20-02, Issued January 28, 2020

(Link to Audit Report: [http://opacnmi.com/resources/files/reports/audit/OPA%20Report%20No %20-%2002%20Audit%20of%20the%20CNMI%20Govt%20Fuel%20Contract.pdf](http://opacnmi.com/resources/files/reports/audit/OPA%20Report%20No%20-%2002%20Audit%20of%20the%20CNMI%20Govt%20Fuel%20Contract.pdf))

Findings	Recommendations	Current Status	Agency Response
			<p>In addition, all payments for Government Corporate Cards has been resolved through a Memorandum issued from the former Secretary of Finance, Ms. Larrisa C. Larson. SFM2018-143 dated June 25, 2018.</p> <p>OPA's Response: OPA commends DOF-P&S on their efforts towards resolving the recommendations. OPA did receive a copy of SFM2018-143 during the audit; however, OPA found that the policy was not being enforced. Agencies were not held accountable for noncompliance with the policies stated on the memorandum. Hence, OPA issued recommendations to address this finding. OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>
<p>3. DOF did not review third-party billings for completeness and enforce provisions of the Fuel Contract.</p>	<p>4. DOF develop procedures to (a) evaluate the Contractor's compliance with the Fuel Contract; (b) adequately review billings; (c) monitor the effectiveness of controls; and (d) properly tag and label government gas containers.</p> <p>5. DOF communicate provisions of the Fuel Contract and require agencies to adopt the above procedures.</p>	<p>Unresolved</p>	<p>OPA's Response: OPA notes that DOF-P&S did not communicate a response to these recommendations. Also, DOF did not comment on whether procedures are being drafted; therefore OPA will keep this recommendation unresolved until such procedures are developed and implemented. OPA will conduct a follow-up review on or before December 2020.</p>

DEPARTMENT OF FINANCE, Division of Customs Services (DOF-Customs)

Audit of the Division of Customs Service on Assessment and Collection of Excise Taxes for Calendar Year 2013

2 unresolved, 0 resolved

Report No. AR-14-01, Issued September 29, 2014

(Link to Audit Report: http://opacnmi.com/resources/files/reports/audit/Customs_AR1401.pdf)

Findings	Recommendations	Current Status	Agency Response
<p>A3. Failure to hold cargo of delinquent taxpayers.</p>	<p>2. DOF, Division of Customs Service should strictly adhere to its policy of holding future cargo until outstanding balances are satisfied. If cargo is released without the full payment of outstanding taxes or without the approval of a payment plan, adequate documentation and approval by the Director should be maintained in the files.</p>	<p>Unresolved</p>	<p>DOF-Custom's Response: The Authorization to Release Cargo form is used for taxpayers with issues, such as; tax disputes, off-island checks, etc.</p> <p>OPA's response: OPA commends Customs' efforts towards satisfying the recommendations; however, OPA will keep this recommendation unresolved. OPA will seek information to perform a more detailed review and will provide an update on or before December 2020.</p>
<p>B2. Failure to collect on overdue balances.</p>	<p>4. OPA recommends that written procedures be developed to immediately pursue importers with outstanding receivable balances that are greater than 30 days past due.</p>	<p>Unresolved</p>	<p>DOF-Custom's Response: The SOP, Billing, Lein & Levy form is under review by the Assistant Attorney General.</p> <p>OPA's Response: From previous follow-ups, OPA noted that Customs developed the SOP, but has not started issuing billing notices to delinquent taxpayers because subsequent collection procedures are under review by the Assistant Attorney General. OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>

DEPARTMENT OF PUBLIC SAFETY (DPS)

Audit of the Department of Public Safety, Evidence Preservation, Accountability and Control Section

1 unresolved, 0 resolved

Report No. AR-15-01, Issued March 11, 2015

(Link to Audit Report: <http://opacnmi.com/resources/files/reports/audit/AU-DPS-1501.pdf>)

Findings	Recommendations	Current Status	Agency Response
1. The physical security of the facility is inadequate.	1. DPS management needs to ensure that the ongoing improvements to the Evidence Facility continue and that funding sources are sufficient and dedicated to achieve this goal.	Unresolved	<p>DPS's Response: DPS informed OPA that the Evidence Facility improvements, based on the OPA's Confidential Limited Use Report, are almost complete.</p> <p>OPA's Response: OPA applauds DPS's efforts towards resolving this recommendation. OPA will conduct another follow-up review on or before the December 2020 ARTS to determine if the improvements are complete.</p>

DEPARTMENT OF PUBLIC SAFETY (DPS)

Inspection of the Department of Public Safety's Confidential Informant Fund

1 unresolved, 1 resolved

Report No. IN-19-06, Issued September 24, 2019

(Link to Inspection Report:

[http://www.opacnmi.com/resources/files/reports/audit/Department%20of%20Public%20Safety%20\(DPS\)%20Inspection%20of%20the%20Confidential%20Informant%20Fund%20-%20OPA%20Report%2019-06.pdf](http://www.opacnmi.com/resources/files/reports/audit/Department%20of%20Public%20Safety%20(DPS)%20Inspection%20of%20the%20Confidential%20Informant%20Fund%20-%20OPA%20Report%2019-06.pdf))

Findings	Recommendations	Current Status	Agency Response
1. Audits of the CI Fund are not conducted.	1. Recover the three dollars caused by the overstated voucher and return it to the CI Fund.	Resolved	<p>DPS's Response: DPS has responded to the findings in an official letter submitted to OPA in September 2019.</p> <p>OPA's Response: On January 27, 2020, OPA conducted follow-up procedures at DPS's DETF field office. OPA found that DPS recovered and documented the three dollars caused by the overstated voucher. Three dollars was credited back to the CNMI CI Fund. Therefore, OPA considers this recommendation resolved.</p>
2. Task Force Officers did not sign the Confidential Funds Certification	<p>2. Adhere to all requirements set forth by the SOP and focus on the following:</p> <p>(a) Conduct and document required internal audits of the CI Fund.</p>		<p>DPS's Response: In response to 2(a), DPS since OPA's visit in January 2020, conducted in-house audits and monthly reports for the months of February 2020 to present, whereas any deficiencies that were discovered were indicated briefly, and corrected in compliance with the CI Fund SOP.</p>

STATUS OF AUDIT RECOMMENDATIONS

<p>3. Funds were not always returned or liquidated within 48 hours</p>	<p>(b) Require all sworn personnel authorized to request for advances, from the CI Fund to sign the Confidential Fund certification.</p>		<p>In response to 2(b), DPS has had all sworn personnel assigned to the CNMI DETF Office that handle CI Funds review the CI Fund SOP and had signed the Confidential Funds Certification form since September 16, 2019 to October 31, 2019.</p>
<p>4. Informant Payment Records are not consistently updated.</p>	<p>(c) Enforce the 48-hour limitation for settling all cash advances, and document all approvals for extensions to the 48-hour limit.</p> <p>(d) Verify completeness of each Informant Case Load report.</p>		<p>In response to 2(c), DPS had advised all assigned personnel handling the funds of the 48-hour limitation, and have been advised based on the CI Fund SOP, that those signing out funds will be responsible to replenish the CFA from their own personal funds in order to fulfill the deadline, as indicated in the CI Fund SOP.</p> <p>In response to 2(d), DPS has completed and assured that the investigator responsible updated the Case Load Report accordingly and that all personnel have been advised to read through the CI Fund SOP “Informant Files” under Chapter 001, Sub Chapter 007.</p> <p>OPA’s Response: OPA commends DPS for resolving recommendation 2 (b); however, OPA will keep the other sub-recommendations unresolved. OPA will request for additional documents and review the adequacy of DPS’ efforts in the next follow-up report. As a result, this recommendation will remain unresolved.</p>

COMMONWEALTH ELECTION COMMISSION (CEC)

Inspection of the CEC’s Ballot Accountability for the 2018 General Election

3 unresolved, 0 resolved

Report No. 19-04, Issued June 18, 2019

(Link to Inspection Report: http://www.opacnmi.com/resources/files/reports/audit/OPA%20Report%20No_%2019-04%20INSPECTION%20OF%20CEC%20BALLOT%20ACCOUNTABILITY%20FOR%20THE%202018%20GENERAL%20ELECTION.pdf)

Findings	Recommendations	Current Status	Agency Response
<p>1. No accountability for the number of ballots received and available.</p>	<p>1. Adopt a system that documents the chain of custody of the ballot stock, including receipt, control, transfer and distribution of the ballots.</p>	<p>Unresolved</p>	<p>CEC’s Response: CEC has no updates as of this time. All updates were shared with OPA back in December 2019. In the 2019 Special Election we did in fact share that Chain of Custody forms were created along with Ballot Inventory Form. These forms will be used in the 2020 Election.</p> <p>OPA’s Response: OPA commends CEC on their efforts in implementing the ballot control sheet for the 2019 mid-term election to document the chain of custody for the ballot stock. OPA will keep this recommendation unresolved and will conduct a follow-up</p>

STATUS OF AUDIT RECOMMENDATIONS

Inspection of the CEC's Ballot Accountability for the 2018 General Election 3 unresolved, 0 resolved
 Report No. 19-04, Issued June 18, 2019
 (Link to Inspection Report: <http://www.opacnmi.com/resources/files/reports/audit/OPA%20Report%20No.%2019-04%20INSPECTION%20OF%20CEC%20BALLOT%20ACCOUNTABILITY%20FOR%20THE%202018%20GENERAL%20ELECTION.pdf>)

Findings	Recommendations	Current Status	Agency Response
			review during the November 2020 Election and update the results in the December 2020 ARTS report.
2. Lack of accountability of total ballots used and unused.	2. Adopt and implement policies and procedures to ensure: (a) proper documentation of ballots received, distributed, spoiled, and unused. (b) supervisory review over ballot accountability.	Unresolved	CEC's Response: CEC Director along with the CEC staff are working on updating existing polices and procedures at this time. OPA's Response: OPA commends CEC on their efforts in updating existing policies and procedures for implementation in the upcoming Mid-term Election. OPA will keep this recommendation unresolved and will conduct a follow-up during the November 2020 Election and update the results in the December 2020 ARTS report.
	3. Provide adequate training, including testing procedures, to ensure that election officials and poll workers properly carry out their duties and responsibilities.	Unresolved	CEC's Response: CEC is coming up with a testing procedure that would require all poll workers to take after the poll worker training they've attended in order to work for the 2020 Election. CEC Director and Staff are working on other methods to enhance training for all poll workers at this time. OPA's Response: OPA looks forward to the methods and procedures that CEC is currently working on and commends them for their efforts. OPA will keep this recommendation unresolved and will conduct a follow-up during the November 2020 Election and update the results in the December 2020 ARTS report.

DEPARTMENT OF PUBLIC LANDS (DPL)

Audit of the Management of Land Leases and Temporary Permits 2 unresolved, 0 resolved
 Report No. AR-18-01, Issued July 17, 2018
 (Link to Audit Report: <http://www.opacnmi.com/resources/files/reports/audit/AR-18-01%20DEPARTMENT%20OF%20PUBLIC%20LANDS.pdf>)

Findings	Recommendations	Current Status	Agency Response
2. DPL did not renew lease agreements and temporary	2. Develop written guidelines that establish clear lines of responsibility and coordination among the divisions for the execution of timely lease and permit	Unresolved	OPA sent a follow-up email for the June 2020 ARTS to DPL on May 28, 2020. However, DPL did not communicate a timely response to any of the recommendations. OPA will review their response, conduct additional follow-up, if necessary, and provide an update in the December 2020 ARTS report.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Management of Land Leases and Temporary Permits		2 unresolved, 0 resolved	
Report No. AR-18-01, Issued July 17, 2018			
(Link to Audit Report: http://www.opacnmi.com/resources/files/reports/audit/AR-18-01%20DEPARTMENT%20OF%20PUBLIC%20LANDS.pdf)			
Findings	Recommendations	Current Status	Agency Response
permits in a timely manner.	renewals. Furthermore, the Secretary or the designee should monitor these functions and hold employees accountable for their work.		
4. DPL did not prepare billing records, accurately assess fees, and keep reliable accounting records.	4. (a) Review and monitor all leases and permits to ensure that fees are properly assessed. (d) Utilize a reliable accounting software to eliminate redundant tasks and process transactions efficiently.	Unresolved	OPA sent a follow-up email for the June 2020 ARTS to DPL on May 28, 2020. However, DPL did not communicate a timely response to any of the recommendations. OPA will review their response, conduct additional follow-up, if necessary, and provide an update in the December 2020 ARTS report.

DEPARTMENT OF PUBLIC LANDS (DPL)

Inspection of the Assessment and Collection of Fees for Lease No. L9104S		3 unresolved, 0 resolved	
Report No. 19-02, Issued April 11, 2019			
(Link to Inspection Report: http://www.opacnmi.com/resources/files/reports/audit/OPA%20Report%20No.%2019-02.pdf)			
Findings	Recommendations	Current Status	Agency Response
2. Physical usage of adjacent parcels was not taken into account.	1. Properly determine the physical usage date of the adjacent parcel.	Unresolved	OPA sent a follow-up email for the June 2020 ARTS to DPL on May 28, 2020. However, DPL did not communicate a timely response to any of the recommendations. OPA will review their response, conduct additional follow-up, if necessary, and provide an update in the December 2020 ARTS report.
	2. Reach concurrence with the OAG as to this date.	Unresolved	OPA sent a follow-up email for the June 2020 ARTS to DPL on May 28, 2020. However, DPL did not communicate a timely response to any of the recommendations. OPA will review their response, conduct additional follow-up, if necessary, and provide an update in the December 2020 ARTS report.
	3. Create a proper invoice for the Lessee to avoid loss of revenue.	Unresolved	OPA sent a follow-up email for the June 2020 ARTS to DPL on May 28, 2020. However, DPL did not communicate a timely response to any of the recommendations. OPA will review their response, conduct additional follow-up, if necessary, and provide an update in the December 2020 ARTS report.

COMMONWEALTH UTILITIES CORPORATION (CUC)

Audit of the Commonwealth Utilities Corporation’s Organizational Structure

0 unresolved, 1 resolved

Report No. AR-17-02, Issued April 25, 2017

(Link to Audit Report: <http://opacnmi.com/resources/files/reports/audit/AR-17-02%20CUC%20Organizational%20Structure.pdf>)

Findings	Recommendations	Current Status	Agency Response
<p>1. The Commonwealth Utilities Corporation (CUC) did not achieve its purpose to operate as an independent public agency with the legal and political independence to perform as a non-subsidized, autonomous corporation due to interferences by the legislature, various governors, and the boards of directors throughout the history of CUC.</p>	<p>1. CUC should collaborate with the Administration and the legislature to promptly and diligently consider a revised corporate form for CUC.</p> <p>Three proven models that could be considered to replace the current political structure of CUC are Cooperatives, Municipal Corporation, and Privatization.</p>	Resolved	<p>CUC’s Response: On June 12, 2020, CUC responded with a letter regarding CUC’s organizational structure and ongoing challenges. CUC described the benefits and detriments of operating Municipally, Privately, and Cooperatively. CUC explained why their current structure, which is being operated Municipally, is the preferred organizational structure for the CNMI. Although weaknesses exist, properly addressing these weaknesses would allow CUC to match the private model and make necessary improvements. CUC also discussed how the challenges and limitations caused by By-Laws and Statutes with regard to the roles of the Board, CUC’s Executive Director, and CUC’s organizational chart. Instead of granting CUC’s Board an advisory role, current By-Laws grant the Board authority to govern and manage the utility with no specific examples or guidelines. CUC expressed that the current Municipal model could be improved through the revision of current Statutes and By-Laws.</p> <p>OPA’s Response: OPA commends CUC’s efforts to elect and operate under the most beneficial model to the people of the CNMI. OPA also acknowledges that CUC is not able to improve from the model without legislative action. OPA considers this recommendation resolved.</p>

COMMONWEALTH HEALTHCARE CORPORATION (CHCC)

Audit of the Commonwealth Healthcare Corporation’s Patient Revenue Cycle Management

2 unresolved, 1 resolved

Report No. AR-17-01, Issued March 16, 2017

(Link to Audit Report: <http://opacnmi.com/resources/files/reports/audit/AR-17-01%20CHCC%20Patient%20Revenue%20Cycle.pdf>)

Findings	Recommendations	Current Status	Agency Response
<p>1. Failure to manage patient accounts receivable.</p>	<p>4. Develop a plan of action that is effective and timely, and addresses the current backlog related to coding, billing, collection, and posting payments.</p>	Unresolved	<p>CHCC’s Response: CHCC is continuously working to catch up on the backlog related to coding, billing, collection, and posting payments. For coding and billing, while it is ideal to hire staff to catch up, it is also difficult to find experienced individuals who understand the regulatory requirements and national standards for coding and billing. Even with this difficulty, CHCC still included additional staff in the</p>

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Commonwealth Healthcare Corporation’s Patient Revenue Cycle Management

2 unresolved, 1 resolved

Report No. AR-17-01, Issued March 16, 2017

(Link to Audit Report: <http://opacnmi.com/resources/files/reports/audit/AR-17-01%20CHCC%20Patient%20Revenue%20Cycle.pdf>)

Findings	Recommendations	Current Status	Agency Response
			<p>current and future budgets to help address this issue, and although some individuals may be new to this field, we can accomplish this goal slowly.</p> <p>Additionally, CHCC has been looking into acquiring services through GAIA, a dialysis specific Electronic Health Record and billing system vendor. Seeing this through will alleviate some staff time and provide efficiency with other billing duties.</p> <p>OPA’s Response: OPA acknowledges CHCC’s continuous effort to address the backlogs. However, a plan of action has not been developed to effectively and timely address the current backlog. As a result, OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>
	<p>5. Seek technical assistance that would result in the assessment of the current IT structure and the acquisition of a comprehensive accounting and billing system.</p>	<p>Resolved</p>	<p>CHCC’s Response: The recommendation was to 'seek technical assistance that would result in the assessment of the current IT structure and the acquisition of a comprehensive accounting and billing system'.</p> <p>Not only did we have technical assistance <u>assess</u> the current IT structure, but we also contracted with Medsphere to <u>replace</u> our current system with Carevue EHR/RCM Cloud.</p> <p>For Dialysis services, we are looking into acquiring GAIA’s EHR system as Carevue does not have a dialysis module. We also plan to have these systems integrated.</p> <p>The contract for Medsphere was provided in our last OPA status submission and we are currently working on building this system.</p> <p>OPA’s Response: OPA commends CHCC for its effort to improve its EHR and Revenue Cycle system. CHCC has determined that funding is not available at this time to purchase a comprehensive accounting and billing system and have opted for the best alternative. OPA considered this recommendation to be resolved.</p>
	<p>8. Update contracts with insurance companies.</p>	<p>Unresolved</p>	<p>CHCC’s Response:</p>

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Commonwealth Healthcare Corporation’s Patient Revenue Cycle Management 2 unresolved, 1 resolved
 Report No. AR-17-01, Issued March 16, 2017
 (Link to Audit Report: <http://opacnmi.com/resources/files/reports/audit/AR-17-01%20CHCC%20Patient%20Revenue%20Cycle.pdf>)

Findings	Recommendations	Current Status	Agency Response
			<p>Although contracts are still in negotiation, we are moving closer to finalizing the terms and both parties (CHCC and payer) agreeing to them.</p> <p>All local payers are in possession of the draft contract for their review.</p> <p>CHCC would like to get into these agreements as soon as possible, however, if the payers do not agree with some terms, this causes delays and thus should not result in continuing to be a finding.</p> <p>OPA’s Response: OPA maintains its position that contracts with third-party insurance is important and a best practice. OPA will keep this recommendation unresolved until contracts with insurance companies have been updated. A follow-up review will be conducted on or before December 2020.</p>

DEPARTMENT OF LANDS AND NATURAL RESOURCES (DLNR), Outer Cover Marina (OCM)

Audit of the Outer Cove Marina for Calendar Year 2014 3 unresolved, 0 resolved
 Report No. AR-15-03, Issued October 5, 2015
 (Link to Audit Report: <http://www.opacnmi.com/resources/files/reports/audit/AR-15-03%20DLNR-OCM.pdf>)

Findings	Recommendations	Current Status	Agency Response
1. DLNR did not properly assess and collect all required fees and fines.	1. DLNR should enforce the Outer Cove Marina Regulations (Regulations) by conducting the following: <ul style="list-style-type: none"> (a) Apply the appropriate berthing slip fees when billing its tenants. Management should also consistently review and monitor the assessment, billing, and collection of berthing slip fees. (b) Assess and collect security deposits from all its tenants. DLNR should work with the Department of Finance to ensure that security deposits are accounted for separately and not 	Unresolved	<p>DLNR’s Response: Due to the COVID-19 emergency, which shutdown the travel industry worldwide, DLNR has decided to waive the collection of fees until such time commercial operations at OCM resume.</p> <p>DLNR is also looking into amending the current OCM management regulations in order to reduce the amount of berthing fee and the security deposit for a one-year period.</p> <p>OPA’s Response: OPA commends DLNR’s efforts towards satisfying the recommendations. However, OPA is unable to conduct any testing procedures because fees have been waived due to the COVID-19 pandemic. OPA will keep this recommendation unresolved and will conduct a follow-up review on or before December 2020.</p>

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Outer Cove Marina for Calendar Year 2014

3 unresolved, 0 resolved

Report No. AR-15-03, Issued October 5, 2015

(Link to Audit Report: <http://www.opacnmi.com/resources/files/reports/audit/AR-15-03%20DLNR-OCM.pdf>)

Findings	Recommendations	Current Status	Agency Response
	<p>commingled with berthing fee revenues.</p> <p>(c) Assess and collect the proper delinquency fees. Management should consistently review and monitor the assessment, billing, and collection of penalty fees.</p>		
<p>2. Lack of enforcement activity made it easy for illegally berthed vessels to park.</p>	<p>2. DLNR should seek the assistance of the OAG for legal advice and take appropriate action that will ultimately lead to impoundment or removal of vessels if a lease is not approved and the appropriate payments have not been made.</p>	<p>Unresolved</p>	<p>DLNR's Response: DLNR provided a copy of the OAG's legal advice, dated March 12, 2020 on how to handle illegally berthed vessels at OCM.</p> <p>OPA's Resopnse: OPA has reviewed documentation from DLNR regarding the Office of the Attorney General's (OAG) advice pertaining to the illegally berthed vessels. OPA commends DLNR for satisfying the first segment of the recommendation. However, in order to remove the illegally birthed vessels, the OAG stated that DLNR must request the OAG to file a civil action against the owners of the illegally birthed vessels. OPA considers this recommendation unresolved until DLNR has taken the appropriate action to remove illegally birthed vessels. OPA will conduct another follow-up review on or before December 2020.</p>
<p>5. OCM's overall structure is unsafe.</p>	<p>5. Prior to making formal audit recommendations, generally accepted government auditing standards stresses that a cost/benefit analysis be conducted. OPA is not, at this time, equipped to conduct engineering studies and calculations to determine the needed renovations to provide an adequate level of safety. Prior to any expenditure of funds an engineering study should be conducted to determine needed repairs and the costs associated with such repairs. Only at that time can management make informed decisions.</p>	<p>Unresolved</p>	<p>DLNR's Response: DLNR provided documentation showing quotes from the U. S. Army Corps of Engineers.</p> <p>OPA's Response: OPA reviewed the documentation provided by DLNR. The document consisted of a summary of a fee quote for OCM's repair plan. DLNR is in the process of obtaining a contractor to produce an engineering study on OCM. DLNR obtained a quote for a repair from the U.S. Army Corps of Engineers. OPA commends DLNR's efforts towards resolving the recommendation. OPA considers this recommendation unresolved and will conduct another follow-up review on or before December 2020.</p>

Audit of the Outer Cove Marina for Calendar Year 2014

Report No. AR-15-03, Issued October 5, 2015

3 unresolved, 0 resolved

(Link to Audit Report: <http://www.opacnmi.com/resources/files/reports/audit/AR-15-03%20DLNR-OCM.pdf>)

Findings	Recommendations	Current Status	Agency Response
	<p>However, DLNR needs to immediately affect policies and controls, which will enhance the operational safety of the dock. This will require day-to-day oversight of the dock itself. Further, any cost/benefit analysis should also consider that the OCM is the only facility that currently supports the majority of Saipan's marine tourism activities. If the facility closes or fails, the cost in related tourism revenues will be substantial.</p> <p>Essentially, DLNR is faced with no easy solutions. Based upon the engineering study either (1) repairs must be performed, (2) the OCM closed, (3) a new facility is built, or (4) the OCM is transferred to a public or private entity, which has the expertise and capital to effectively operate the marina.</p>		