

---

## **Public Auditor's Message**

### **To the Interagency Audit Coordinating Advisory Group**

---

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 shall review all audit reports of the Public Auditor, and the Public Auditor shall discuss the manner in which audit recommendations can be implemented with the assistance of the members of the Coordinating Group. The Coordinating Group shall recommend to the Governor and to the legislature any changes in law or regulations which it finds necessary or desirable as a result of its work with the Public Auditor.

The Office of the Public Auditor (OPA) implemented an audit recommendation tracking system to ensure that recommendations in audit reports issued by OPA and private CPA firms are implemented rather than being forgotten and ignored.

Open or resolved audit recommendations were included in OPA's tracking system. An *open* recommendation is one where no action or plan of action has been made by the client (department or agency). A *resolved* recommendation is one in which OPA is satisfied that the client cannot take immediate action, but has established a reasonable plan and time frame for action. Also, we have considered open or resolved recommendations as *delinquent* if the recommendation has been outstanding for at least 180 days and we have not been informed by the concerned agency or department of any action being taken to close the recommendations.

As of December 1998, OPA tracked a total of 357 audit recommendations in 57 final reports issued to various departments and agencies of the Commonwealth Government during the year and outstanding from previous years. Of the 357 audit recommendations, 76 are closed and 281 are either open or resolved. Of the 281 open or resolved recommendations, 150 are considered delinquent. (See Table 1).

We have also included in the tracking system, recommendations issued by private CPA firms. As of December 1998, CPA firms completed and issued audit reports on the internal control structure and compliance with laws and regulations. For these audits, CPA firms made 160 recommendations, 3 of which are closed and 157 are either open or resolved. Of the 157 open or resolved recommendations, 83 are considered delinquent.

In 1996 and 1997, due to the large number of delinquent recommendations, we requested assistance from the Coordinating Group in enforcing the auditee's compliance with the audit recommendations. Although several options are available to ensure compliance by the auditee, we suggested that initially an official from the Governor's Office could be designated the responsibility to pursue the closure of open and resolved recommendations, especially those that are delinquent. The suggestion was not considered, however, because the Coordinating Group members did not hold any discussions, and no recommendation was made to the Governor.

From January to December 1998, 16 final reports which included 158 outstanding recommendations were added to OPA's Audit Recommendation Tracking System. As of December 1998, OPA was able to close 53 outstanding recommendations. Of the 53 closed recommendations, 24 recommendations pertain to previous years' audits whereas 29

	As of Dec. 1997	Jan. to Dec. 1998	As of Dec. 1998
Total Audit Recommendations	199	158	357
Number of Reports	41	16	57
Status of Recommendations:			
Closed	23	53	76
Open or Resolved	176	105	281
Delinquent	126	24	150

Table 1


recommendations pertain to current year audits. Open and resolved recommendations also increased by 105. The increase is mainly due to the additional recommendations pertaining to the current years' audits. As of December 1998, however, delinquent recommendations in OPA audit reports increased by 24. The increase of 24 recommendations pertain to recommendations which were open or resolved as of December 1997 but which became delinquent as of December 1998 because the agencies did not respond to the follow-up made by OPA (see Table 1). Of special mention are delinquent recommendations in audits issued from 1994 to 1996 (see Appendix A).

Due to the increase in delinquent recommendations, we are once again seeking the assistance of the Coordinating Group in enforcing compliance from the auditees with the audit recommendations. As we previously suggested, we believe that the designation of an official from the Governor's Office to pursue the closure of open or resolved recommendations would result in better implementation of audit recommendations.

In light of the present financial condition of the CNMI Government, OPA has identified outstanding recommendations that if implemented could result in recovery of monies improperly disbursed. As shown below, \$961,122 could be recovered by implementing OPA's recommendations.

Report No.	Particulars	Recommendation Number	Amount
AR-95-07	Improper compensatory time, standby payments and retirement bonus paid to the CUC Executive Director	3	\$257,883
AR-97-05	Overpayment of professional services contracts of the Executive Branch of the CNMI government.	3, 8	224,134
AR-95-22	Improper payments to the former MVB Managing Director for damages and loss of wages.	2	151,180
AR-95-12	Advances, expenses paid twice and improper reimbursements to the CUC former Executive Director; Hotel expenses of the other CUC travelers.	2, 3, 11	46,016
AR-98-06	Funds misused by the former Secretary of Finance	1	100,249
AR-95-18	Double payment of travel expenses and overpaid per diem allowances from DPL cardholders.	2	45,698
AR-95-17	Improper reimbursements to the former CPA Board Chairman.	2	40,131
AR-98-05	Overpayment of professional service contract of the former Acting Attorney General (Contract No. C60376).	2	35,125

Report No.	Particulars	Recommendation Number	Amount
AR-97-11	Overpayment to MBG Management Services, Inc.	5	21,365
AR-97-06	Return of amount taken from RHC funds.	1	4,282
AR-96-06	Improper payment to business of former Rota Mayor for apartment rental.	4	12,000
LT-98-03	Lease expense and cost of salary of the former CPA Deputy Director.	2, 3	7,145
AR-97-01	Receivable for funeral expenses of two families and receivable due to NSF check paid by Pan Korea Enterprises.	11, 13	6,499
LT-98-07	Overpayment of salaries of a DOF Technical Financial Analyst.	3	6,302
AR-95-02	Cash shortage to be recovered from Overall Chairman former Executive Assistant and former custodian.	3	1,035
LT-95-06	Recovery of improper payments to responsible TMO officials.	3	1,000
AR-97-07	Improper payment of retroactive salary increase paid to former DDC Executive Director.	7	764
LT-97-02	Restitution by CHC Cashier of missing funds.	2	314
Total			\$961,122

  
 Leo L. LaMotte  
 CNMI Public Auditor

January 22, 1999

This page was intentionally left blank.

# Table of Contents

**Executive Branch Offices and Departments . . . . . 1**

Office of the Governor . . . . . 2

    Expenditures of the Marianas/Hawaii Liaison Office (AR-97-01) . . . . . 2

    Procurement of Professional Services of the Office of the Special Assistant  
    for the Special Assistant for Drug and Substance Abuse (AR-97-11) . . . . . 6

    Emergency Management Office, Investigation on Lack of Fiscal Control  
    in Food Service Operations (AR-97-12) . . . . . 7

    Professional Services Contract with the CNMI's Former Acting Attorney General (AR-98-05) . . . . . 8

Commerce . . . . . 12

    MVB, Audit of Settlement Agreement Between the Former Managing Director and the  
    Executive Committee Members (AR-95-22) . . . . . 12

    MVA, Audit of Promotion and Advertising Services (AR-98-04) . . . . . 13

Community and Cultural Affairs . . . . . 18

    Carolinian Affairs Office - User Fees, Scholarship Fund and Managaha Proposal (AR-95-02) . . . . . 18

Finance . . . . . 19

    Abuse of Government Time by a Technical Financial Analyst (LT-98-07) . . . . . 19

    Audit and Investigation of Misappropriation of Collections (LT-98-08) . . . . . 19

    Audit Misuse of Funds by the Former Secretary of Finance (AR-98-06) . . . . . 20

Lands and Natural Resources . . . . . 22

    Review of Internal Controls of the DLNR (AR-95-16) . . . . . 22

    Division of Public Lands, Audit of Credit Card and Related Travel Transactions (AR-95-18) . . . . . 23

    Division of Public Lands, Collection of Rentals on Land Leases with Hotels, Resorts and  
    Golf Courses (AR-96-03) . . . . . 26

    Division of Public Lands, Audit of the Saipan Fishing Center and the Lease of the Garapan  
    Fishing Base (AR-96-05) . . . . . 28

    Division of Public Lands, Lease Payments of Pacific Islands Club (LT-96-05) . . . . . 29

Public Health . . . . . 31

    Review of CNMI Agencies' Reconciliation of Medical Claims with Straub Clinic and  
    Hospital, Inc. (AR-95-15) . . . . . 31

    Commonwealth Health Center, Audit and Investigation of Missing Funds (LT-97-02) . . . . . 31

    Rota Health Center Director's Claims Against the Rota Health Center (AR-97-06) . . . . . 32

    Developmental Disabilities Council, Audit and Investigation of Misuse of Funds and  
    Resources of DDC (AR-97-07) . . . . . 34

    Medical Referral Office's Reconciliation of Medical Claims with Straub Clinic  
    Hospital, Inc. (LT-98-06) . . . . . 36

    Audit of Time and Attendance of Employees of DPH's Materiel Management  
    Division (LT-98-09) . . . . . 38

Public Safety . . . . . 39

    Bureau of Motor Vehicles, Driver's Licensing and Vehicle Registration Activities (AR-94-05) . . . . . 39

    Bureau of Motor Vehicles, Licensing of Firearm Holders, Shooting Galleries and Firearm  
    Dealers (AR-95-06) . . . . . 42

    Unnecessary Purchase of an Ambulance Transmission Assembly (AR-95-09) . . . . . 43

Public Works ..... 45  
 Audit of the Kagman School Project (AR-95-21) ..... 45

**Municipalities ..... 47**

Northern Islands ..... 48  
 Office of the Mayor, Employee Time Charges and Capital Expenditures (AR-95-04) ..... 48

Rota ..... 49  
 Memorandum of Agreement Between the Municipality of Rota and International Bridge  
 And Construction/Marianas, Inc. (LT-95-04) ..... 49  
 Office of the Mayor, Audit of Expenditures (AR-96-06) ..... 49  
 Audit of Compliance with Authorized Number of Full Time Employee Positions (LT-98-11) ..... 52

Tinian ..... 53  
 Investigation of a Motor Vehicle Leased by the Tinian Mayor's Office (LT-95-06) ..... 53  
 Office of the Mayor, Audit of Operations (AR-96-01) ..... 53

**CNMI-Wide Audits ..... 55**

CNMI Single Audit  
 Independent Auditors' Report on Internal Control Structure and on Compliance  
 For the Year Ended 9/30/97 ..... 56

Government Salary Ceiling  
 Audit of Compliance with the Compensation Adjustments Act (AR-97-02) ..... 68

Executive Branch Contracts  
 Audit of Professional Services Contracts from October 1991 to July 1995 (AR-97-05) ..... 72

CNMI Government Compliance Audits  
 Review of CNMI's Compliance with Government Vehicle Act and Regulations (AR-98-02) ..... 77  
 Audit of CNMI Government Employees' Time and Attendance (AR-98-03) ..... 82

**Autonomous Agencies ..... 95**

Commonwealth Development Authority ..... 96  
 CDA, Independent Auditor's Report on the Internal Control Structure and Compliance  
 In Accordance with Government Auditing Standards ..... 96

Commonwealth Ports Authority ..... 98  
 Audit of Credit Card and Related Travel Transactions (AR-95-11) ..... 98  
 Audit of Board-Related Transactions and Purchase of Vehicles for the Department of  
 Public Works (AR-95-17) ..... 100  
 Audit of Permits, Leases and Concession Agreements (AR-96-07) ..... 102  
 CPA, Independent Auditor's Report on the Internal Control Structure and Compliance,  
 In Accordance with Government Auditing Standards ..... 104

Audit and Investigation of Misuse of Government Vehicle (LT-98-03) ..... 104  
 Audit of Salary Increases Granted to CPA-Rota Employees (LT-98-12) ..... 105

Commonwealth Utilities Corporation ..... 108  
 Audit of Compensatory Time Compensation (AR-95-07) ..... 108  
 Audit of Advances to the Former Executive Director (AR-95-12) ..... 108

CUC, Independent Auditor's Report on Compliance  
 In Accordance with Government Auditing Standards ..... 111

CUC, Independent Auditor's Report on the Internal Control Structure  
 In Accordance with Government Auditing Standards ..... 112

Northern Marianas College ..... 116

    NMC, Independent Auditor's Report on Compliance  
     In Accordance with Government Auditing Standards ..... 116

    NMC, Independent Auditor's Report on the Internal Control Structure  
     In Accordance with Government Auditing Standards ..... 116

Public School System ..... 118

    Travel of Former Recreational Therapist/Adaptive Physical Education Specialist (AR-97-03) .... 118

    Audit of Marianas High School Gym Contract (AR-98-01) ..... 118

    Follow-up Audit of Marianas High School Student Funds (LT-98-14) ..... 119

    PSS, Independent Auditor's Report on Compliance  
     In Accordance with Government Auditing Standards ..... 119

    PSS, Independent Auditor's Report on the Internal Control Structure  
     In Accordance with Government Auditing Standards ..... 122

Tinian Casino Gaming Control Commission ..... 125

    Financial Statements and Audit Report for FY 1992 and 1993 (AR-94-03) ..... 125

**Independent Committee ..... 129**

    CNMI Labor Day Committee ..... 130

        Audit of Receipts and Disbursements (AR-95-19) ..... 130

**Appendix A - List of 1994 to 1996 Audits with Delinquent  
 Recommendations ..... 132**

**Appendix B - Acronyms Used ..... 133**

**Index ..... 137**

This page was intentionally left blank.



# **Executive Branch Offices**

---

**Office of the Governor  
Department of Commerce  
Department of Community and Cultural Affairs  
Department of Finance  
Department of Lands and Natural Resources  
Department of Public Health  
Department of Public Safety  
Department of Public Works**

# Office of the Governor

**I. Report No. AR-97-01 issued February 27, 1997  
Expenditures of the Marianas/Hawaii Liaison Office**

Date(s) of followup letter(s) sent : 7/09/97, 11/12/97, 2/02/98, 9/17/98 (AGO) (DOF), 9/21/98 (DPH)  
Date(s) of response letter(s) received : 8/26/97 (M/HLO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Liaison Officer should coordinate with the Secretary of Public Health to develop and implement written policies and procedures on ticket upgrades, hotel accommodations, and funeral services.	M/HLO and DPH	Resolved Delinquent	The Liaison Officer stated that on (1) ticket upgrade, DPH should amend the newly adopted Medical Referral policy on transportation costs to authorize upgrade through doctor's recommendation with concurrence of the Medical Referral Office; (2) hotel accommodations, consultation with the Secretary of Public Health has been made; and (3) funeral services, the authority on this matter rests with the Secretary of Public Health; the Liaison Officer, however, supports a written guideline disallowing payment for all funeral services or limiting it to embalming and shipping only. The Liaison Officer provided the Secretary of Public of Health a copy of his letter response to OPA.  <i>Further Action Needed</i>  The Secretary of Public Health should provide OPA with a copy of the written policies and procedures on ticket upgrades, hotel accommodations and funeral services.
4. <i>As Redirected to AGO</i> - Investigate and, if necessary, take steps to recover the amounts reimbursed without adequate supporting documents from the responsible officials and employees. Any action taken in this regard should be written and documented.	AGO	Resolved Delinquent	The Liaison Officer responded that the authority on investigating this matter rests with DOF and the Attorney General's Office. On August 26, 1997, the Liaison Officer provided OPA copies of the March 4, 1997 referral letter and July 14, 1997-follow-up letter to the Attorney General's Office.  <i>Further Action Needed</i>  The Attorney General's Office should provide OPA with a copy of documents showing actions taken to recover the unsupported reimbursements.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. The Secretary of Finance should develop and implement written policies and procedures which require that all travel and related extensions be supported by specific itineraries and covering dates.	DOF	Resolved Delinquent	<p>The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997-memorandum directing the Director of Finance &amp; Accounting to develop written policies and procedures requiring travel and related extensions to be supported by specific itineraries and dates.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these policies and procedures.</p>
6. The Secretary of Finance should issue a directive to the DOF-Travel Section to identify all long- outstanding travel advances granted by M/HLO to government officials and employees, and initiate collections through salary deductions.	DOF	Resolved Delinquent	<p>The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997-memorandum directing the Director of Finance &amp; Accounting to identify all long-outstanding travel advances granted by M/HLO to government officials and employees and initiate collections through salary deductions.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with the results of Finance &amp; Accounting's actions.</p>
7. The Secretary of Finance should instruct the DOF-Travel Section to follow up collection of excess travel advances from the two non-government employees. Written policies and procedures regarding follow up and collection of long-outstanding advances from non-government employees should also be developed and implemented.	DOF	Resolved Delinquent	<p>The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997-memorandum directing the Director of Finance &amp; Accounting to follow up collection of excess travel advances from the two non-government employees, and develop written policies and procedures regarding follow up and collection of long-outstanding advances from non-government employees.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with the results of Finance &amp; Accounting's actions.</p>
10. The Secretary of Finance should develop and implement an accounts receivable subsidiary ledger system that can readily provide the status ( <i>i.e.</i> , current or past-due) and outstanding	DOF	Resolved Delinquent	<p>The Secretary of Finance stated that DOF is currently in the process of installing a new financial management system that includes an automated accounts receivable subsidiary module. The system should be installed and</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
balances of amounts owed by individuals.			in use by October 1, 1997. The system is also expected to enable maintaining detailed accounts receivable balances, as well as automating the billing and posting process.  <i>Further Action Needed</i>  The Secretary of Finance should notify OPA when the new financial management system is already operational and provide OPA a copy of the manual describing the automated accounts receivable subsidiary module.
11. The Secretary of Finance should assign a DOF staff member to verify the status of receivables from two families for funeral expenses amounting to \$2,183 and \$3,316, respectively, and pursue collection if still outstanding.	DOF	Resolved Delinquent	The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997-memorandum directing the Director of Finance & Accounting to assign a staff member to follow up on the specific receivables noted in the report.  <i>Further Action Needed</i>  The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.
12. The Secretary of Finance should establish written policies and procedures to resolve and adjust bank reconciling items in a timely manner.	DOF	Resolved Delinquent	The Secretary of Finance concurred with the recommendation and stated that the conditions noted in the audit had already been corrected. There is an on going project to document all DOF policies and procedures, and the Reconciliation Section is to be included. A copy will be provided to OPA when completed.  <i>Further Action Needed</i>  The Secretary of Finance should provide OPA with the copy of these policies and procedures.
13. The Secretary of Finance should instruct the DOF - Reconciliation Branch and the appropriate DOF division/section (i.e., Treasury and Accounts Payable) to coordinate and take action to facilitate the adjustment of the outstanding reconciling items in the M/HLO operations and medical referral imprest fund bank accounts. Also, investigate the status of the	DOF	Resolved Delinquent	The Secretary of Finance responded that various DOF divisions are coordinating their efforts to facilitate resolution of bank reconciliation adjustments. The Reconciliation Section will investigate the status of the Pan Korea Enterprises returned check; however, since this item is long-outstanding, DOF's ability to determine its status and seek remedy may be limited.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>\$1,000 insufficient funds check of Pan Korea Enterprises and pursue collection, if necessary.</p>			<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with the results of Reconciliation Section's actions.</p>
<p>14. The Secretary of Finance and the Liaison Officer should contact IRS in writing to discuss and resolve concerns on (a) nonwithholding of federal employment taxes on housing allowance paid to M/HLO employees from January 1990 to April 1994, (b) nonwithholding of employees' share and nonpayment of both employees' and employer's share of Medicare taxes from January 1990 to June 1992, and (c) nonpayment of Federal Unemployment Tax from 1990 to 1993.</p>	DOF and M/HLO	Resolved Delinquent	<p>The Secretary of Finance and the Liaison Officer concurred with the recommendation. The Liaison Officer has provided the Secretary of Finance with the details of payments made to M/HLO employees during the period in question. The Secretary's Office, with the assistance of the Director of Revenue &amp; Taxation, will use the information to formulate a written request to the IRS for a determination of any potential liabilities.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of the letter to IRS.</p>
<p>15. The Secretary of Finance and the Liaison Officer should contact the State of Hawaii's Department of Taxation in writing to discuss and resolve concerns on nonwithholding of state employment taxes from the housing allowances of M/HLO employees from January 1990 to April 1994, and the salaries and benefits of the M/HLO liaison officer from 1990 to 1994.</p>	DOF and M/HLO	Resolved Delinquent	<p>The Secretary of Finance and the Liaison Officer concurred with the recommendation. The Liaison Officer has provided the Secretary of Finance with the details of payments made to M/HLO employees during the period in question. The Secretary's Office, with the assistance of the Director of Revenue &amp; Taxation, will use the information to formulate a written request to the State of Hawaii's Department of Taxation for a determination of any potential liabilities.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of the letter to the State of Hawaii's Department of Taxation.</p>

**2. Report No. AR-97-II issued August 12, 1997  
Procurement of Professional Services from MBG Management Services, Inc. of the Office of the  
Special Assistant for Drug and Substance Abuse**

Date(s) of followup letter(s) sent : 2/02/98, 9/17/98  
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. Stop payment of the additional billing of \$11,530 for work performed under the original contract after it was canceled. The billing should be disregarded for violation of the CNMI Procurement Regulations. The authorizing officials should be held responsible for any payment.</p>	DOF	Open Delinquent	<p>The Secretary of Finance stated that this payment has not been made and any payments on this contract will be held until AGO completes its investigation.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of the (1) directive instructing DOF-Finance &amp; Accounting to stop payment of the additional billing of \$11,530 for work performed under the original contract after it was canceled, and (2) letter informing the Contractor that the billing is being disregarded.</p>
<p>5. Reduce any future payments to MBG by \$21,365, which was paid in excess of the firm fixed price. In particular, the \$21,365 should be offset against the \$10,584 (under PO P68172) and \$12,309 (supplemental contract C70199) which are valid unpaid billings by the Contractor</p>	DOF	Open Delinquent	<p>The Secretary of Finance stated that the AGO disagreed with the recommendation. Further, AGO instructed DOF to release the payments due on other contracts with the vendor while it is continuing to investigate the status of the disputed contract.</p> <p><i>Further Action Needed</i></p> <p>It is proper for the CNMI to withhold payment of \$22,893 unpaid billings to the Contractor (covered by purchase order and supplemental contract) as this is necessary to recover the earlier \$21,365 overpayment to the Contractor. The AGO's claim that the two pending invoices are separate contractual obligations from the original contract is not correct. The purchase order and supplemental contract were used only because no change orders to the original contract were possible, that contract having been canceled. For this reason, it makes sense for the CNMI to withhold payment of so much of MBG's claim as is</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

necessary to recover for the earlier overpayment to the Contractor. The CNMI would be justified in paying MBG only \$1,528.

The Secretary of Finance should reconsider and implement our recommendation by withholding payments to MBG except for the net difference of \$1,528 (\$22,893 unpaid billings less \$21,365 overpayment to the Contractor).

**3. Report No. AR-97-12 issued December 10, 1997  
Investigation on Lack of Fiscal Control in Food Service Operations at the Emergency Management Office During the Emergency Detonation of Unexploded Depth Charges in Rota**

Date(s) of followup letter(s) sent : 2/02/98, 9/17/98 (GOV), 9/21/98 (EMO)

Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. Develop and implement written policies and procedures for procurement of goods and services under emergency.

EMO

Open  
Delinquent

In his response, the Director of EMO commented that Recommendation 1, suggesting there be policy on the procurement of supplies, goods and services under emergency conditions, should be addressed instead to the Director of Procurement and Supply. The Director of EMO believes that all procurement matters should be embodied in the CNMI Procurement Regulations, and that any change involving procurement of supplies, services and other goods under emergency conditions should be implemented in the Procurement Regulations for all types of scenarios.

*Further Action Needed*

The Director of EMO should reconsider implementing written policies and procedures for the procurement of goods and services under emergency conditions, for EMO's internal use. The Director of EMO should provide OPA a copy of the

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. Designate in writing a specific person to review and sign for food services during daily emergency operations.	EMO	Open Delinquent	written policies and procedures. The response did not address the recommendation.
			<b>Further Action Needed</b>  The Director of EMO should provide OPA a copy of the document designating a specific person to review and sign for food services.
3. Amend the Emergency Operations Plan to include policies and procedures for the procurement of goods and services under emergency conditions.	EMO	Open Delinquent	The response did not address the recommendation.
			<b>Further Action Needed</b>  The Director of EMO should reconsider the recommendation and provide OPA a copy of the amended Emergency Operation Plan.
4. Require EMO to prepare a financial plan under all circumstances and to submit a list of personnel that will be involved in the emergency operations.	Governor	Open Delinquent	The response did not address the recommendation.
			<b>Further Action Needed</b>  The Governor should respond to our amended recommendation.

**4. Report No. AR-98-05 issued August 18, 1998  
Audit of Professional Services Contract with the  
CNMI's Former Acting Attorney General  
October 1996 to August 1997**

Date(s) of followup letter(s) sent : 9/17/98  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Attorney General review the facts of the case and consider taking appropriate action with respect to all high level officials found to have willfully or knowingly violated the CNMI Planning and Budgeting Act and the CNMI Procurement	AGO	Open Active	The Deputy Attorney General stated that their office believes that a decision on a legal action would be premature and it is important that the response of DOF be obtained and considered by OPA before action on the basis of the report is



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>Regulations. The Attorney General should also consider taking legal action seeking recovery of funds from the former Governor and the Executive Assistant for authorizing expenditures in excess of appropriated funds, in accordance with the Superior Court ruling in <u>Rayphand v. Tenorio</u> referred to earlier.</p>	DOF	Open Active	<p>considered by their office. Such decisions should only be based upon OPA's final analysis after considering the DOF response.</p> <p>AGO should reconsider and implement the recommendation. The gravity of the findings, which involves violations of CNMI laws, warrant the special attention of AGO. Moreover, the current DOF management has refused to comment on the case pending the resolution of a legal case which questioned the propriety of the procurement of the contract with the former Acting Attorney General</p> <p><i>Further Action Needed</i></p> <p>AGO should provide OPA copies of documents showing actions taken with respect to all high level officials found to have willfully or knowingly violated the CNMI Planning and Budgeting Act and the CNMI Procurement Regulations.</p>
<p>2. Recover the \$35,125 overpayments by requesting the Contractor to return the amount overpaid, and if the Contractor refuses, refer the case to the Attorney General for legal action.</p>	DOF	Open Active	<p>The Secretary of Finance stated that Contract No. C60376 is the subject of pending litigation in the courts (Torres, et. al. v. Tenorio, C.A. 96-1200) which raised many of the same issues included in the audit report. She further stated that it would be improper for her to comment on pending litigation until the issues are resolved in the courts.</p> <p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation pertained to accounting matters which could be immediately corrected by DOF. The \$35,125 overpayment should be immediately recovered as this represents improper payments to the Contractor.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of written documents showing action taken to recover the overpayment (e.g. collection letter and CNMI Treasury official receipts showing</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. Adequately review the Contractor's billing statements before making payments. DOF should not rely solely on the accuracy of the billing statements submitted by contractors. Previous payments to contractors should be considered and all computations should be double checked. DOF should also determine the reasonableness of contractors' billings.	DOF	Open Active	<p>full recovery).</p> <p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation pertained to internal control matters which could be immediately corrected by DOF. The inadequate review of contract payments should be immediately addressed to prevent improper payments in the future.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of written instructions to the DOF - Accounting Section regarding adequate review of the Contractor's billing statements before making payments.</p>
4. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures limiting advance payments and regulating costs (refer to OPA AR-97-05 report).	DOF	Open Active	<p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation referred to action that should be taken to improve government policies and procedures which can be pursued independently without waiting for outcome of the litigation.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of written policies and procedures limiting advance payments and regulating costs.</p>
5. Pursue revision of the CNMI Procurement Regulations which had been started and then suspended by the previous administration.	DOF	Open Active	<p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation referred to action that should be taken to improve government policies and procedures which can be pursued independently without waiting for outcome of the litigation. The inadequate CNMI Procurement Regulations should be immediately addressed to prevent high level officials from taking advantage of their authority to favor contractors instead of the government.</p>

**Recommendation**

**Agency  
to Act**

**Status**

**Agency Response/  
Additional Information or  
Action Required**

*Further Action Needed*

The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations.

## Department of Commerce

### I. Report No. AR-95-22 issued December II, 1995

#### Marianas Visitors Bureau

#### Audit of Settlement Agreement Between the Former Managing Director and the Executive Committee Members

Date(s) of followup letter(s) sent : 3/7/96, 11/29/96, 12/3/96, 2/20/97 (AGO), 2/2/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/21/98

Date(s) of response letter(s) received : 4/4/97 (AGO), 4/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The MVB Managing Director should include a provision in employment contracts that any Board-appointed employee serves at the pleasure of the Board and may be terminated by the Board, such as in a sixty-day termination clause.	MVB	Resolved Delinquent	The Managing Director responded that the MVB Board will consider our recommendation, provided however, that it is not in conflict with Executive Order 94-3 or other CNMI laws. She also stated that the MVB Board has already authorized its Managing Director and Legal Counsel to commence a review of all existing employment contracts of MVB, and to implement, when and where possible, the recommendation concerning the termination clause.  <i>Further Action Needed</i>  The MVB Board should provide OPA a copy of the directive or memorandum authorizing its Managing Director and Legal Counsel to review all the existing employment contracts of MVB, and the results of the review.
2. The MVB Managing Director should coordinate with the Attorney General's Office to recover the amount of \$151,180, consisting of \$81,180 paid to the former Managing Director representing damages for loss of reputation, pain and suffering and \$70,000 for loss of wages for 1995 as a result of the extension of her contract through 1996.	MVB	Resolved Delinquent	The Managing Director responded that the MVB Board has authorized its Managing Director and Legal Counsel to coordinate recovery of the funds with the Attorney General's Office after receiving the final audit report from OPA.  On April 20, 1998, the AGO responded that the matter is still being investigated by the Civil Division. However, no civil action has been filed but AGO does not rule out the possibility of doing so.  On June 9, 1998, OPA in its follow-up letter requested AGO to specify the status of the

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

investigation and refer the matter back to OPA for additional investigation.

*Further Action Needed*

The AGO should provide OPA with status of the investigation for OPA's review and evaluation.

**2. Report No. AR-98-04 issued July 13, 1998  
Marianas Visitors Authority  
(Formerly Marianas Visitors Bureau)  
Audit of Promotion and Advertising Services  
Fiscal Years 1992 to 1998**

Date(s) of followup letter(s) sent : 9/17/98 (GOV) (AGO) (DOF), 9/21/98 (MVA)  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. The Governor and the Attorney General's Office consider taking appropriate action against current and previous MVA officials, including the MVA Board Chairman and Managing Director, for violation of the CNMI-PR. Such action includes but is not limited to reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution [CNMI-PR Section 6-211 (1)]. At the least, reprimand letters should be issued and permanently filed in their personnel folders.

GOV and  
AGO

Open  
Active

The Governor responded that it is premature to make any decisions on the recommendations. He added that it is important that the response of MVA be obtained and be considered before any actions are taken.

No response was received from AGO.

Although not required, the Managing Director responded that the present management and MVA Board cannot offer recommendations relative to decisions made by the previous management and board members.

*Further Action Needed*

MVA's response, through the Managing Director, did not contain any additional information that could revise our recommendation. The Governor and AGO should reconsider and implement the recommendation.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. The Governor instruct MVA to cancel the proposed contracts with the 3 advertising companies for violation of the CNMI-PR. This recommendation is based on the fact that even if these proposed contracts were to be approved, they would still be in violation of the regulations. In such case, the contractor would be subject to the remedies under CNMI-PR Section 6-211(2) which include termination of the contract. If the contractors assert any liability against MVA, we recommend that the Attorney General's Office consider whether it is appropriate to file a cross claim against MVA officials and employees who were responsible for the violations discussed in this report.</p>	<p>GOV and AGO</p>	<p>Open Active</p>	<p>See Governor's response on Recommendation 1.</p> <p>No response was received from AGO.</p> <p>Although not required, the Managing Director responded that 2 of the 3 contracts were bidded out. An award was made for one contract while the other contract was allowed by the Board to operate on a monthly basis until a qualified contractor is selected.</p> <p><i>Further Action Needed</i></p> <p>Solicitation of proposals is not enough. Selection should be based on the responsiveness of the proposals to the RFP requirements. Awarding of contracts by appointment or majority vote of the Board is not only illegal but defeats the purpose of competitive procurement.</p> <p>MVA's response, through the Managing Director, did not contain any additional information that could revise our recommendation. The Governor and the AGO should reconsider and implement the recommendation.</p>
<p>3. P&amp;S Director suspend the 9 advertising companies from becoming contractors or subcontractors on future government contracts for at least a year or such other period of time as deemed sufficient by the Director. The suspensions should be communicated to the companies to emphasize that they need to comply with the CNMI-PR when dealing with government agencies.</p>	<p>DOF P&amp;S</p>	<p>Open Active</p>	<p>No response was received from the P&amp;S Director.</p> <p>Although not required, the Managing Director responded that the suspension should be reconsidered because the 9 advertising companies were not familiar with the CNMI-PR.</p> <p><i>Further Action Needed</i></p> <p>All companies transacting with CNMI government agencies should be familiar with the CNMI-PR without exceptions. Suspension of the 9 companies (for a limited period as determined by the P&amp;S Director) will put them on notice that the CNMI-PR should be observed and followed in their dealings with the government.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. The Board Chairman and the Managing Director ensure that all procurement of promotion and advertising services be procured competitively, in accordance with the CNMI-PR. To this end, both officials should ensure that all procurement conducted through the RFP process be awarded based on price and other evaluation factors stated in the RFP and not through appointment or majority vote of the Board.</p>	MVA	Open Active	<p>The P&amp;S Director should reconsider and implement the recommendations.</p> <p>The Managing Director responded that there are existing criteria for selecting a contractor for facility, equipment purchase and service projects. These criteria, however, does not include the services of an advertising company although price and qualification is always a consideration. The MVA Managing Director further stated that, in the future, a standard written criteria must be established for selecting advertising and promotion contractors that will be in general compliance with the CNMI-PR. According to her, OPA should be included in drafting the criteria.</p>
			<p><i>Further Action Needed</i></p>
			<p>The Managing Director's response did not address the recommendation. As discussed in the report, for procurement of promotion and advertising services where bidding is impractical, the preferred method should be "competitive sealed proposals" under CNMI-PR Section 3-106.</p>
			<p>The Managing Director should reconsider and implement the recommendation.</p>
<p>5. The Managing Director take steps for MVA to adopt the CNMI-PR. Identical regulations need to be adopted to enable MVA to continue to conduct its own procurement functions.</p>	MVA	Open Active	<p>The Managing Director responded that, under the new legislation (Public Law 11-15), MVA will devise its own procurement regulations which will be in general compliance with the CNMI-PR. The MVA Managing Director also stated that the existing CNMI-PR needs revision to include provisions important to MVA in order to compliment the procurement requirements of foreign countries.</p>
			<p><i>Further Action Needed</i></p>
			<p>Under the new legislation (Public Law 11-15), MVA was authorized to adopt its own procurement and supply regulations "consistent" with the CNMI-PR. This means that MVA can adopt its own procurement regulations as long as these</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>6. The Managing Director, MVA Board members and procurement officials should familiarize themselves with the CNMI-PR. They should both review the CNMI-PR and request the P&amp;S Director to provide explanation to parts they don't understand. MVA employees involved in the procurement of goods and services should be required to be familiar with the details of the regulations.</p>	MVA	Open Active	<p>are similar or identical to the CNMI-PR. There is no significant "difference" between adopting the CNMI-PR and adopting regulations "consistent" with the CNMI-PR except that in the latter, designated MVB officials will handle all procurement functions previously handled by the P&amp;S Division. The procurement methods stated in the CNMI-PR, however, should be retained.</p> <p>As discussed in the report, promotion and advertising contracts from foreign companies can be procured under the competitive sealed proposal method (CNMI-PR Section 3-106). There is no need for new procurement methods that will accommodate questionable foreign procurement practices.</p> <p>In light of the new legislation, however, we are revising our recommendation that MVA adopt the CNMI-PR. Instead, we recommend that MVA adopt its own procurement regulations consistent with the CNMI-PR.</p> <p>The Managing Director stated that MVA will arrange with the P&amp;S Division to conduct future CNMI-PR familiarization workshop to the MVA Board and management.</p> <p><i>Further Action Needed</i></p> <p>MVA should provide a time frame for completing the workshop and provide copies of written requests or arrangements made with the P&amp;S Division.</p>
<p>7. The Managing Director establish a filing system that can provide a complete history of the transactions with each individual contractor. Contract files generally consist of (1) contracting files which document the basis for acquisition and the award of the contract, (2) contract administration files which document actions taken to monitor contractor performance and compliance</p>	MVA	Open Active	<p>The Managing Director stated that presently, MVA has a paper trail which can trace the execution of a contract, performance monitoring, and payments to the contracts. However, this paper trail can be further improved with a file system as recommended.</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
with the scope of work, and (3) payment contract files which document actions substantiating and reflecting contract payments.			<i>Further Action Needed</i>  MVA should provide a time frame for improving the filing system. Once completed, a copy of written policies and procedures describing the agency's filing system should be submitted to OPA. As discussed in the audit, there was no systematic or centralized filing system for contract documents. Most of the documents we gathered in reviewing a particular contract came from different sections of MVA.

# Department of Community and Cultural Affairs

**I. Report No. AR-95-02 issued January 27, 1995  
 Carolinian Affairs Office  
 User Fees, Scholarship Fund and Managaha Proposal**

Date(s) of followup letter(s) sent : 2/28/95, 4/6/95, 7/6/95, 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/18/98  
 Date(s) of response letter(s) received : 4/18/95, 5/8/95, 8/11/95, 1/8/97

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. The Executive Assistant for Carolinian Affairs should meet with and recover from the Overall Chairman former Executive Assistant, and former Custodian the \$1,035 cash shortage since all were responsible for the collection.	CAO	Open Delinquent	Provide OPA a copy of proof of payment of the \$1,035 cash shortage.

# Department of Finance

**1. Report No. LT-98-07 issued August 5, 1998**  
**Department of Finance**  
**Audit of Abuse of Government Time by a Technical Financial Analyst**  
**September 28, 1997 to March 28, 1998**

Date(s) of followup letter(s) sent : 9/17/98  
 Date(s) of response letter(s) received : 12/18/98

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. Recover from the Technical Financial Analyst the \$6,302 overpayment (\$5,975 for tardiness and absences, and \$327 excess overtime). The employee, however, should be given the option to offset his time-off against his annual leave in accordance with existing personnel regulations.	DOF	Resolved Active	DOF provided OPA with a letter dated 12/18/98 sent to the Technical Financial Analyst. In the letter, the DOF Secretary stated that the 79 hours annual leave balance of the employee amounting to \$1,616 will be used to settle a portion of the outstanding amount. The remaining balance of \$4,686 will be repaid through payroll deduction of \$200 per pay period for 23 pay periods beginning pay period #1 for calendar year 1999.
			<p><i>Further Action Needed</i></p> <p>Provide OPA a copy of the CNMI Treasury official receipt showing full recovery of the \$6,302 overpayment, or copies of documents evidencing offset of time-off against annual leave.</p>

**2. Report No. LT-98-08 issued August 25, 1998**  
**Division of Revenue and Taxation**  
**Audit and Investigation of Misappropriation of Collections**  
**July 1, 1995 to July 31, 1996**

Date(s) of followup letter(s) sent : 9/17/98  
 Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Each cashier should have his/her own password when entering the cash receipt system to prevent access to	DRT	Resolved Active	In his letter response dated August 7, 1998, the Acting Secretary of Finance stated that recommendation 1 for each cashier to have

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>other terminals where other cashiers have already logged in and to ensure proper identification of the cashier accountable for the collections registered in the terminal.</p>			<p>his/her own password is not applicable to the system because the present cash receipting software does not identify individual users. However, DOF is in the process of installing new Point of Sale Systems (POS) which will be designed to allow only individuals with valid passwords to log onto the terminals.</p> <p>We will monitor the progress of the installation of the POS to ensure that it will eventually address our recommendation.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA an update on the status of the POS installation for us to ascertain that our recommendation has been addressed by the new system.</p>

**3. Report No. AR-98-06 issued December 14, 1998**  
**Department of Finance**  
**Audit of Misuse of Funds by the Former Secretary of Finance**  
**Fiscal Years 1995, 1996, and 1997**

Date(s) of followup letter(s) sent :  
 Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. Require the former Secretary of Finance to return public funds he misused totaling \$100,248.66. Of this amount, \$47,836.70 is immediately recoverable and \$52,411.96 is recoverable unless adequately justified or supported by the former Secretary. If the former Secretary refuses to cooperate or repay the funds, the current Secretary should request the Attorney General's Office (AGO) to take legal action against the former Secretary to recover the amount of funds misused.</p>	DOF	Open Active	<p>The Secretary stated that DOF agrees with the finding and recommendation but since DOF has not independently analyzed the receipts in question, it is depending on OPA's categorization of the expenditures by the former Secretary. The Secretary stated that a copy of the draft report was sent to the former Secretary in August 1998 but no response was received. Another copy of the draft report was sent to the former Secretary on October 23, 1998 together with a letter requesting full repayment. In the letter, the Secretary requested the former Secretary to make repayment arrangements by November 6, 1998 or the Attorney General's Office would be asked to take legal action to enforce repayment.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. Request the AGO to prosecute the former Secretary for misconduct in public office.	DOF	Open Active	<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA documents showing recovery or action taken to recover the misused public funds from the former Secretary.</p>
3. Develop and implement written policies and procedures to ensure that official representation expenses are incurred only for official purposes. In developing such policies, the Secretary should be guided by our discussion of official representation on pages 4 and 5 of this report.	DOF	Resolved Active	<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA the status of the Attorney General's Office investigation.</p> <p>The Secretary agreed with the recommendation. DOF has drafted Official Representation Policies and Procedures and a Documentation Form. Since the adoption of such policies and procedures would have an impact on the Governor and other CNMI elected officials, a copy was sent to the Office of the Governor on October 23, 1998 for the Governor's review and comments. In her letter to the Governor, the Secretary suggested that after any revisions, the Legislature should also be given the opportunity to review and comment on the policies and procedures prior to implementation.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA a copy of the adopted policies and procedures on official representation.</p>

## Department of Lands and Natural Resources

### I. Report No. AR-95-16 issued September 21, 1995

#### Review of Internal Controls of the Department of Lands and Natural Resources

Date(s) of followup letter(s) sent : 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/18/98

Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. The Secretary of DLNR should require the Director of Animal Health by directive to comply with the Imprest Fund Manual policies and procedures to control Animal Health revolving fund activities. The Director of Animal Health should consider (a) transferring the function of Certifying Officer to the Director, assigning another as Disbursing Officer since review and approval were performed by the Director, and assigning alternate staff members for all functions and (b) maintaining a separate cash box for each cashier for control purposes.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive requiring the Director of Animal Health to comply with the Imprest Fund Manual policies and procedures.
5. The Secretary of DLNR should require the Director of Animal Health by directive to comply with the Animal Quarantine Rules and Regulations. Animals entering the CNMI should be quarantined pending issuance of the entry permits.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive.
6. The Secretary of DLNR should evaluate the adequacy of the existing reporting requirements to be submitted by permeates to the Division of Fish and Wildlife. If the evaluation finds that the reports or records are necessary, enforce submission to comply with the regulations. Otherwise, eliminate the requirements by amending the applicable provisions in the regulations.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA with the results of the evaluation made and a copy of amendments made to the regulations, if any.
7. The Secretary of DLNR should issue a directive requiring the Forestry Section to comply with the Forestry Resources	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive requiring Forestry Section to comply with the

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Protection Regulations, as follows: (a) to prepare a written recommendation to approve or deny application for permits, (b) to document inspections with written reports, and (c) to release forestry permits only after the permit has been signed by both the applicant and the Secretary of Lands and Natural Resources.			Forestry Resources Protection Regulations.
8. The Secretary of DLNR should develop and implement written policies and procedures to properly manage collections.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the written policies and procedures.
9. The Secretary of DLNR should develop and implement written policies and procedures to ensure proper maintenance of permit documents.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the written policies and procedures.
10. The Secretary of DLNR should require by directive that the Administrative Officers of the DLNR Divisions become familiar with the DOF Chart of Accounts to ensure expenditures are charged to the proper accounts.	DLNR	Open Delinquent	The Secretary of DLNR should issue a directive requiring the Administrative Officers of the DLNR Divisions to become familiar with the DOF Chart of Accounts and provide OPA a copy of the directive.

**2. Report No. AR-95-18 issued October 10, 1995  
Division of Public Lands  
Audit of Credit Card and Related Travel Transactions**

Date(s) of followup letter(s) sent : Verbal followups made through the telephone, 11/29/96, 12/3/96, 2/20/97 (AGO), 11/20/97, 9/17/98 (AGO), 3/3/98 (AGO), 9/18/98 (DLNR)  
Date(s) of response letter(s) received : 11/14/95, 6/27/96, 4/4/97 (AGO), 9/11/97, 4/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. <i>Original:</i> -The Secretary of DLNR should require the cardholders to reimburse MPLC for all the unallowable and unsupported credit card charges, unless they can specifically identify the charges with MPLC official business and present supporting documents. If necessary,	DPL - redirected to the Attorney General's Office	Resolved Delinquent	On September 11, 1997, the Director of DPL informed OPA that the Attorney General's Office filed a lawsuit on the three cardholders whereas the other two cardholders signed a promissory note with the AG's office for payments by month to be sent to the Division of Public Lands.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>the Secretary of DLNR and the Director of DPL should seek the assistance of the Attorney General to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p>			<p>On AGO's April 20, 1998 response, OPA was informed that the lawsuit is currently pending in the Superior Court and is being prosecuted by the Civil Division.</p> <p><i>Further Action Needed</i></p>
<p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General should take appropriate actions (i.e., file a lawsuit) to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p>			<p>AGO should provide OPA documentation as to the outcome of the lawsuit.</p>
<p>2. <i>Original:</i> The Secretary of DLNR should recover from the cardholders the amount of \$45,698.</p>	<p>DPL - Redirected to the Attorney General's Office</p>	<p>Resolved Delinquent</p>	<p>The recovery of \$45,698 is already included in the lawsuit filed by the Attorney General's Office.</p>
<p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should take appropriate actions (i.e., file a lawsuit) to recover from the cardholders the amount of \$45,698.</p>			<p>On AGO's April 20, 1998 response, OPA was informed that the lawsuit is currently pending in the Superior Court and is being prosecuted by the Civil Division.</p> <p><i>Further Action Needed</i></p>
<p>AGO should provide OPA documentation as to the outcome of the lawsuit.</p>			
<p>4. <i>Original:</i> The Secretary of DLNR should review and evaluate whether charges for official representation expenses were properly chargeable to MPLC and recover improper charges from the former Executive Director.</p>	<p>DPL - redirected to the Attorney General's Office</p>	<p>Resolved Delinquent</p>	<p>On September 11, 1997, the Director of DLNR informed OPA that the Attorney General's Office filed a lawsuit against the former Executive Director to collect the improper representation expenses' charges.</p>
<p><i>As Revised and Redirected to the Attorney General's Office -</i> The Attorney General's Office should take appropriate actions (i.e., file a lawsuit) to recover improper representation expenses' charges from the former Executive Director.</p>			<p>On AGO's April 20, 1998 response, OPA was informed that the lawsuit is currently pending in the Superior Court and is being prosecuted by the Civil Division.</p> <p><i>Further Action Needed</i></p>
<p>AGO should provide OPA documentation as to the outcome of the lawsuit.</p>			
<p>5. The Secretary of DLNR should develop and implement written policies and procedures that clearly indicate the circumstances where official representation expenses are allowed and the manner in which it should be</p>	<p>DPL</p>	<p>Resolved Delinquent</p>	<p>The Director of DPL, for approval by the Secretary of DLNR and the Governor, will develop written policies and procedures to define official representation and entertainment expenses and the authority and conditions governing the use of funds</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
documented to ensure that the expenses are reasonable and incurred in the best interest of the CNMI.			<p>for these expenses.</p> <p>Based on the letter from DLNR dated September 11, 1997, the written policies and procedures will be presented to the Board of Public Lands for formal disposition.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of DLNR and the Director of DPL should provide OPA a copy of the written policies and procedures.</p>
<p>6. The Secretary of DLNR should instruct the current Comptroller to determine the correct balance of the travel advance account, and forward advances not reimbursed to DOF for collection. The remaining travel advance balances of cardholders/travelers still working with the Government should be recovered through salary deduction. For employees/officials who no longer work for the Government, the assistance of the Attorney General should be sought to collect the outstanding balances.</p>	DPL	Resolved Delinquent	<p>The Secretary of DLNR and the Director of DPL responded that they will determine and advise the travelers in writing of the amounts of overpaid per diem allowances and will forward any outstanding travel advances not reimbursed to DOF for collection.</p> <p>On September 11, 1997, the Director of DPL responded that there is no need for referrals to DOF because two of the cardholders pay directly to DPL and the AG's office filed a lawsuit against the other three cardholders.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of DLNR and the Director of DPL should provide OPA proof (i.e., official receipts) of collection from the two cardholders who pays directly to DPL.</p>

**3. Report No. AR-96-03 issued March 4, 1996**

**Division of Public Lands**

**Collection of Rentals on Land Leases with Hotels, Resorts, and Golf Courses**

Date(s) of followup letter(s) sent : 12/4/96, 11/20/97, 9/18/98

Date(s) of response letter(s) received : 12/4/96, 12/12/96, 9/11/97

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Secretary of DLNR should develop and implement written procedures to verify the accuracy of computations of gross receipts rent. The written procedures should include (a) establishing requirements for documents to be submitted by the lessees, (b) verification of the completeness of documents submitted by the lessees, (c) verification of rental computations in accordance with terms of the lease and with mathematical accuracy, (d) comparison of reported gross receipts with business gross revenue tax returns and audited financial statements, and (e) communication to lessees of any matters affecting computation of rent, the manner of payment, and other provisions of the lease related to rent.</p>	DLNR	Resolved Delinquent	<p>On July 16, 1996, we received a draft of the procedures detailing the functions of program activities on leases, contracts, and permits. However, the final draft of the procedures was submitted to us only on September 11, 1997. The finalized procedures, according to the Director of DPL, have been implemented since December 1996. Based on the response, we consider items (a), (b), and (e) of the recommendation closed. However, items (c) and (d) remained open because they were not included in the finalized procedures.</p> <p><i>Further Action Needed</i></p> <p>To consider the recommendation closed, the Secretary of DLNR and the Director of DPL should provide OPA a copy of the written procedures addressing items (c) and (d) of recommendation 1 to be incorporated as an addendum to the existing procedures on leases, contracts, and permits.</p>
<p>3. The Secretary of DLNR should issue a memorandum instructing the DPL's Controller to (a) record the under(over) payment in each lessee's accounts receivable subsidiary ledger and books of accounts, (b) notify the lessees, in writing, of their under(over)payment of rentals, (c) review subsidiary ledgers to summarize accounts due and send billings on a regular basis, perhaps quarterly, and (d) indicate the specific months paid within the applicable quarters in the official receipts.</p>	DLNR	Resolved Delinquent	<p>On March 21, 1996, DPL provided us a copy of the letters sent to the lessees regarding their rental under payments. Also, the Account Compliance Section was created effective July 1995 to monitor receivables. According to DPL, the Compliance Supervisor will be instructed to recognize the under(over)payment in the books, advise the lessees of unpaid rentals in writing, and monitor accounts for collection.</p> <p>On September 11, 1997, DPL provided OPA a copy of the written procedures that included written instructions to the Compliance Supervisor. This was sufficient to close items (a), (b), and (c) of recommendation 3. However, item (d) is still open because it was not addressed in the</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>written procedures.</p> <p><i>Further Action Needed</i></p> <p>To consider the recommendation closed, the Secretary of DLNR and the Director of DPL should provide OPA a copy of the written procedures addressing item (d) of recommendation 3 to be incorporated as addendum to the existing procedures on leases, contracts, and permits.</p>
<p>4. The Secretary of DLNR should require DPL's Enforcement Officer to conduct visual inspections of the leased premises on a periodic basis to ensure that gross receipts of all sublessees are reported and included in the computation of gross receipts rent.</p>	DLNR	Resolved Delinquent	<p>On September 11, 1997, DPL provided OPA a copy of the written procedures that included inspection of leased premises. However, the frequency and extent of inspection was not stated.</p> <p><i>Further Action Needed</i></p> <p>To close the recommendation, the DLNR Secretary and the Director of DPL should provide OPA with details as to the frequency (i.e., monthly, quarterly, etc.) and extent (i.e., coverage of the inspection) in conducting inspection of leased premises.</p>
<p>6. The Secretary of DLNR should issue a memorandum directing the Controller to (a) instruct its staff members to provide adequate detail in the accounts receivable subsidiary ledger for the period being paid by lessees (such as the months involved), and (b) conduct a regular review of the subsidiary ledgers to ensure accuracy and completeness of recorded transactions.</p>	DLNR	Open Delinquent	<p>According to DPL, the Compliance Supervisor will be instructed to recognize the under(over)payment in the books, advise the lessees of unpaid rentals in writing, and monitor accounts for collection. To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a copy of the written instruction to the Compliance Supervisor addressing items (a) and (b) of recommendation 6 and (2) copy of accounts receivable subsidiary ledger showing adequate detail of the debit and credit entries such as the specific amounts covered by the rental changes.</p>

**4. Report No. AR-96-05 issued March 21, 1996**

**Division of Public Lands**

**Audit of the Saipan Fishing Center and the Lease of the Garapan Fishing Base**

Date(s) of followup letter(s) sent : 12/4/96, 11/20/97, 3/3/98 (AGO), 9/17/98

Date(s) of response letter(s) received : 4/4/97(AGO), 9/11/97, 4/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>Original:</i> - The Secretary of DLNR should terminate APEX's lease of the Garapan Fishing Base and instruct the DPL legal Counsel to: (a) initiate legal proceedings to collect rentals due from APEX and Ship Ashore Restaurant, (b) recover from the former NMSCI President all payments collected from H &amp; H Enterprises for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Birdie's Restaurant, and (c) notify Ship Ashore to pay rentals directly to DPL on a month-to-month basis.</p>	<p>DLNR - redirected to the Attorney General's Office</p>	<p>Resolved Delinquent</p>	<p>On March 10, 1998, the Attorney General's Office provided OPA documents showing collection of the \$338,910.63 representing rentals due from APEX International Corporation. However, the Attorney General's Office is still considering whether to bring action against Ship Ashore and against the former NMSCI President. In view of this, OPA only closed the portion of the recommendation pertaining to APEX.</p>
<p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should: (a) initiate legal proceedings to collect rentals due from APEX and Ship Ashore Restaurant, (b) recover from the former NMSCI President all payments collected from H &amp; H Enterprises for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Birdie's Restaurant, and (c) notify Ship Ashore to pay rentals directly to DPL on a month-to-month basis.</p>			<p><b>Further Action Needed</b></p> <p>To consider the recommendation closed, the Attorney General's Office should provide OPA (1) a written report of action on rentals due from Ship Ashore as well as rentals improperly paid to the former NMSCI President, and (2) copies of payments made on collection of rentals due from Ship Ashore and recovery of rentals improperly paid to the former NMSCI President.</p>

**5. Report No. LT-96-05 issued July 29, 1996**  
**Division of Public Lands**  
**Lease Payments of Pacific Islands Club**

Date(s) of followup letter(s) sent : 12/4/96, 11/20/97, 9/18/98  
 Date(s) of response letter(s) received : 9/11/97

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Secretary of DLNR should develop and implement written procedures to verify the accuracy of computations of gross receipts rent submitted by the lessees. The written procedures should include:</p> <p>(a) Verifying rental computations in accordance with the terms of the lease, and the mathematical accuracy of the computations.</p> <p>(b) Comparing each lessee's reported gross receipts with its business gross revenue tax returns and audited financial statements.</p> <p>(c) Communicating to lessees any decisions by DPL affecting computation of rent, the manner of payment, and other provisions of the lease agreement related to rent.</p>	DLNR	Open Delinquent	<p>On July 16, 1996, we received a draft of the procedures detailing the functions of program activities on leases, contracts and permits. The final draft of the procedures was submitted to us on September 11, 1997; however, it did not address the items (a) to (c) of this recommendation. Thus, the recommendation remained open.</p> <p>To consider the recommendation closed, the Secretary of DLNR and the Director of DPL should provide OPA a copy of the written procedures addressing items (a) to (c) of recommendation 1 to be incorporated as an addendum to the existing procedures on leases, contracts, and permits.</p>
<p>2. The Secretary of DLNR should send a letter to PIC reminding the lessee of how certain revenues and deductions should be computed for determining gross receipts rent. The following common errors may be cited and clarified in the letter:</p> <p>(a) <i>Reporting of sublessee's gross receipts to MPLC.</i> The lessee should include the gross receipts of sub lessees and other operators that provide services at the hotel, such as pay-per-view services. The related rent income or commissions received from such sublessees or operators should be deducted from gross receipts.</p> <p>(b) <i>Deduction of interest expense from gross receipts.</i> The lessee should</p>	DLNR	Open Delinquent	<p>On September 11, 1997, DPL provided us with a copy of the letters sent to the lessees. However, the letters were broad and specific recommendations such as items (a) to (b) of recommendation 2 were not stated. Thus, the recommendation remained open.</p> <p><b>Further Action Needed</b></p> <p>To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a target date for implementation, and (2) a copy of the letters sent to the lessees reminding them of how certain revenues and deductions should be computed for determining gross receipts rent pursuant to their lease agreements which should address items (a) to (b) of recommendation 2.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>monitor and ensure that interest expense paid on construction loans is deducted only up to \$500,000 per year.</p>			

# Department of Public Health

**1. Report No. AR-95-15 issued September 14, 1995  
Review of CNMI Agencies' Reconciliation of Medical Claims  
with Straub Clinic and Hospital, Inc.**

Date(s) of followup letter(s) sent : 3/11/96, 12/5/96, 2/02/98, 9/17/98  
Date(s) of response letter(s) received : 4/3/96 (DOF only), 12/6/96 (NMIRF), 2/18/98 (DPH)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. The Secretary of Finance should consider transferring the responsibility for releasing claim checks to CNMI Agencies so they can keep track of payments (and ensure accuracy of claims review and processing). Of course, controls over release of checks should be established.	DOF	Resolved Delinquent	Provide new target for giving computer access (or provide alternative measures).  Note: In his April 3, 1996 letter response, the Secretary stated that DOF will give limited computer access on claim payments to CNMI Agencies by September 30, 1996. As of the follow-up date, however, this has not yet been accomplished.

**2. Report No. LT-97-02 issued February 6, 1997  
Commonwealth Health Center  
Audit and Investigation of Missing Funds**

Date(s) of followup letter(s) sent : 4/1/97 (verbal), 7/11/97, 10/24/97, 9/21/98  
Date(s) of response letter(s) received : 2/27/97, 3/19/97, 7/14/97, 2/26/98, 8/27/98

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Secretary of Public Health should amend the adverse action against evening cashier number 2.	CHC	Resolved Active	The DPH Legal Counsel provided OPA a copy of the Judgement and Probation Commitment Order where the cashier was ordered to pay full restitution to CHC amounting to \$3,473 within a period of five years.  On August 27, 1998, the DPH Collections Division provided OPA with a payment schedule showing that a total of \$3,159 has been paid through allotment leaving a balance of \$314.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

*Further Action Needed*

Provide OPA a copy of documents showing that the balance of \$314 has been fully collected.

**3. Report No. AR-97-06 issued April 23, 1997  
Rota Health Center (RHC) Director's Claims Against the RHC**

Date(s) of followup letter(s) sent : 6/23/97, 7/16/97, 2/02/98, 9/17/98 (DOF), 9/21/98 (RMO)  
Date(s) of response letter(s) received : 6/16/97 (RMO), 2/24/98 (RMO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. The Secretary of Finance should require the current Director of RHC to return the amount of \$4,282.02 taken from RHC funds.	DOF	Resolved Delinquent	The Secretary of Finance responded that he will request the Mayor of Rota to adopt the finding and, through the Resident Department Head of Finance, make arrangements to recover RHC funds in the exact amount from the RHC Director, by whatever means most appropriate not later than February 28, 1997.
---	-----	------------------------	---

*Further Action Needed*

The Secretary of Finance should provide OPA a copy of the memo requiring the current Director of RHC to return the amount taken from RHC funds and the results of the arrangements made with the Rota Department Head of Finance to recover said amount. In addition, since the Mayor of Rota indicated reluctance to implement this recommendation the Secretary of Finance should take a more active role in assuring that the money is returned such as requiring the Resident Department Head of Finance to take the required action.

2. The Secretary of Finance should deny the \$5,000 claim for repairs, and the \$4,000 amount claimed for a non-existent lease extension.	DOF	Resolved Delinquent	The Secretary of Finance responded that he will request the Mayor of Rota to adopt the findings and, through the Resident Department Head of Finance, deny the claims not later than February 28, 1997.
---	-----	------------------------	---



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA a copy of the memo requesting the Mayor of Rota through the Resident Department Head of Finance to deny the claims.</p> <p>In addition, since the Mayor of Rota indicated reluctance to implement this recommendation the Secretary of Finance should take more active role in assuring that the money is returned such as requiring the Resident Department Head of Finance to take the required action.</p>
4. The Secretary of Finance should deny the claim of the Director of RHC for reimbursement of the cost of the washing machine.	DOF	Resolved Delinquent	<p>The Secretary of Finance responded that he will request the Mayor of Rota adopt the findings and, through the Resident Department Head of Finance, deny the claims not later than February 28, 1997.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA a copy of the memo requesting the Mayor of Rota through the Resident Department Head of Finance to deny the claims.</p>
5. The Mayor of Rota should consider what administrative sanctions should be applied for violation of the ethical standards.	RMO	Resolved Delinquent	<p>The Mayor of Rota responded that the RHC Director should be given the opportunity to resubmit the purchase requisition, with sole source or emergency procurement justification, and allow DOF to judge fairly if the RHC Director should be paid for her machine.</p> <p>The Mayor of Rota provided OPA an invoice statement where the RHC Director stated that the procurement of the washing machine was for an emergency sole source purchase. The invoice statement was dated 8/18/97 which is the same date as the proof of purchase. However, the washing machine was transferred to RHC in June of 1996 which is inconsistent with the date in the documents presented.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

*Further Action Needed*

The Mayor of Rota should provide OPA valid proof to justify the purchase and allow DOF to judge fairly if the RHC Director should be paid for the washing machine.

**4. Report No. AR-97-07 issued June 3, 1997  
Development Disabilities Council  
Audit and Investigation of Misuse of Funds and Resources of DDC**

Date(s) of followup letter(s) sent : 7/09/97, 2/09/98, 9/10/98, 9/10/98 (DPH), 9/17/98 (DOF), 10/23/98 (DDC)  
Date(s) of response letter(s) received : 1/13/98, 2/24/98 (DPH), 9/9/98 (DOF), 9/14/98 (DDC)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

<p>3. <i>As Revised and Redirected to DOF:</i> The Secretary of Finance should deduct any unpaid balance of the \$1,088 charges for personal calls and \$1,086 advance from the final payroll check or any other funds due to her. Also, the Secretary of Finance should instruct the Travel Section to strictly comply with DOF Manual of Procedures and Policies relating to Travel and Transportation particularly on enforcing immediate return of travel advances if travel is canceled.</p>	DOF	Resolved Delinquent	<p>The Secretary of Finance concurred with the recommendation, and provided documents which showed deduction of unpaid balance of charges for personal calls and travel advances totaling \$488 and \$486, respectively, from the Executive Director's final net pay check. Also, he stated that the Travel Section will be instructed to recover advances for canceled trips in one automatic payroll deduction unless the advance amount exceeds the employee's net pay. In this case, a series of deductions will be used to recover the full amount of the advance.</p>
---	-----	------------------------	---

*Further Action Needed*

No additional action required from the Secretary of Public Health. The Secretary of Finance should provide OPA with a copy of this memorandum.

<p>6. The Secretary of Public Health should ensure that local funds are not used to supplement funds no longer available from the federal government, and admonishing them for violating the CNMI Planning and Budgeting Act.</p>	DPH	Resolved Delinquent	<p>The Secretary of Public Health stated that a memorandum will be issued to all Division Directors.</p> <p>On January 13, 1998, the Developmental Disabilities Council (DDC) Executive</p>
---	-----	------------------------	---

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>7. <i>Original</i> - The Secretary of Public Health should take action to recover the retroactive salary increase of \$3,600 improperly paid from local funds to the former DDC Executive Director.</p> <p><i>As Revised and Redirected to DOF</i>- The Secretary of Finance should bill the former Executive Director for the remaining balance owed of \$764.40.</p>	DOF	Resolved Delinquent	<p>Director responded that this matter was discussed during their meeting. However, the memorandum issued to all Division Directors cannot be located.</p> <p><i>Further Action Needed</i></p> <p>The DDC Director should provide OPA with a copy of the memorandum.</p> <p>The DDC Executive Director responded that the Region IX Federal Agency overseeing the Developmental Disabilities basic State Grants' allotments did not approve any retroactive salary increase using previous fiscal years' budget for the following fiscal year. The former Executive Director paid \$2,835.60 to be reverted back to the Department of Public health with a balance of \$764.40 for collection by the Department of Finance.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should bill the former Executive Director for the remaining balance owed of \$764.40.</p>
<p>13. The Secretary of Public Health should coordinate the activities of DDC by performing a periodic review of DDC's program operations and administrative services.</p>	DPH	Resolved Delinquent	<p>On February 24, 1998, the DPH Legal Counsel responded that DDC is currently being reorganized. The Acting Secretary of DPH will meet with the DDC Executive Director to establish a process of coordinating activities. DPH will advise OPA when the process is in place.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Public Health should provide OPA documents on actions made to coordinate the activities of DDC, including performance of a periodic review of DDC's program operations and administrative services.</p>
<p>14. The Secretary of Public Health should enforce compensation of the DDC Executive Director as a division director and not as a department or agency head.</p>	DPH	Resolved Delinquent	<p>On September 14, 1998, the DDC Executive Director provided OPA a copy of the AGO's legal opinion concerning the status of DDC in relation to the CNMI Government.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

On October 23, 1998, OPA responded that based on OPA's review and evaluation of the AGO's legal opinion, it is clear that AGO concurs with recommendation no. 14.

*Further Action Needed*

The Secretary of Public Health should implement the recommendation.

**5. Report No. LT-98-06 issued July 7, 1998  
Medical Referral's Office's Reconciliation of  
Medical Claims with Straub Clinic and Hospital, Inc.**

Date(s) of followup letter(s) sent : 9/17/98 (DOF), 9/21/98 (DPH)

Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. Secretary of Health instruct the Medical Referral Officer to document the negotiations with Straub through a memorandum of understanding.	DPH	Resolved Active	The Secretary responded that the document (memorandum of understanding) will be produced after meeting with Straub officials.
--	-----	--------------------	---

*Further Action Needed*

The Secretary should submit a copy of the memorandum of understanding to OPA upon completion.

2. The Secretary of Health instruct the Medical Referral Officer to reflect the \$19,892 adjustments in its reconciliation schedules, and update Straub on the current status of the reconciliation by providing it copies of the adjusted reconciliation schedules.	DPH	Resolved Active	The Secretary said that the adjustments will be made if agreed upon by both parties during the negotiations.
--	-----	--------------------	--

*Further Action Needed*

The Secretary should submit to OPA a copy of written communication or letters to Straub agreeing with the adjustments.

3. The Secretary of Health instruct the Medical Referral Officer to request Straub to submit the necessary supporting documents to complete review of the \$414,027 in unprocessed claims.	DPH	Resolved Active	The Secretary said that necessary documents will be requested from Straub.
--	-----	--------------------	--

*Further Action Needed*

The Secretary should submit to OPA a copy of written request to Straub.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. The Secretary of Health instruct the Medical Referral Officer to inform Straub to cancel \$219,024 in medical claims which had already been paid and \$74,090 in medical claims which were found to be properly chargeable to patients instead of MRO. Also, Straub should be instructed to offset the net overpayments of \$9,331 against outstanding claims, and adjust the mathematical errors of \$192	DPH	Resolved Active	The Secretary said that MRO will provide Straub with copies of the accounts payable vouchers reflecting the check numbers and date of payment of the claims and copies of the treatment authorization forms indicating the patient's financial responsibility for hospital costs. These will be negotiated with Straub and adjusted accordingly.  <i>Further Action Needed</i>  The Secretary should submit to OPA copies of written transmittal letter to Straub and supporting documents.
5. The Secretary said that a more effective billing and payment method will be adopted and the recommended quarterly reconciliations with providers will also be considered.	DPH	Resolved Active	A more effective billing and payment method should be adopted and the recommended quarterly reconciliations with providers should also be considered.  <i>Further Action Needed</i>  The Secretary should document the above methods by preparing written policies and procedures. A copy should be submitted to OPA upon completion.
6. The Secretary of Finance instruct the responsible DOF employees to facilitate payment of the \$114,772 in processed claims submitted by MRO.	DOF	Open Active	The Secretary of Finance did not respond to the recommendation.  <i>Further Action Needed</i>  We recommend that the Secretary reconsider and implement our recommendation.
7. The Secretary of Finance instruct the responsible DOF employees to ensure that each payment check issued to Straub and other health care providers is accompanied by a listing of the claims that are being paid. If this is not possible, consider transferring the responsibility for releasing payment checks to MRO which should then be made responsible for preparing the listing and for mailing the checks.	DOF	Open Active	The Secretary of Finance did not respond to the recommendation.  <i>Further Action Needed</i>  We recommend that the Secretary reconsider and implement our recommendation.  Although not required to respond to Recommendation 7, the Secretary of Health agreed with and explained that MRO will request from the DOF Treasury Division that payment checks be forwarded to MRO directly so that supplementary information

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

can be attached to the check to avoid confusion as to which invoices are being paid.

**6. Report No. LT-98-09 issued August 27, 1998  
Audit of Time and Attendance of Employees of DPH's  
Materiel Management Division Covering the  
Payroll Periods Ending March 14 and 28, 1998**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. The Secretary of Health require the timekeeper to adjust the exceptions noted by the audit. The timekeeper should also be required to strictly comply with timekeeping requirements and ensure that time charges are accurate, complete, and adequately supported. It may also be necessary to require that a supervisor other than the timekeeper review the STS for accuracy and completeness before submission to DOF for payroll processing.

DPH  
Resolved  
Active

The Secretary generally agreed with the recommendations. He explained that the exceptions noted by the audit were due to "administrative oversight." He stated that the MSO will personally review the employee time cards before submission to the timekeeper. Additionally, the timekeeper was instructed not to process any time cards with discrepancies and to return such time cards to the MSO for corrective action.

**Further Action Needed**

The Secretary should submit to OPA a copy of the written documentation instructing the timekeeper to adjust the exceptions noted during the audit.

# Department of Public Safety

**I. Report No. AR-94-05 issued November 19, 1994**  
**Bureau of Motor Vehicles**  
**Driver's Licensing and Vehicle Registration Activities**

Date(s) of followup letter(s) sent : 12/30/94, 2/23/95, 7/7/95, 10/6/95, 5/3/96, 12/3/96, 2/02/98, 9/18/98  
 Date(s) of response letter(s) received : 2/14/95, 2/23/95, 7/28/95, 10/2/95, 10/12/95, 10/27/95, 12/11/96, 1/7/97

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. The Director of BMV should develop and implement written procedures establishing duties of each BMV employee so that persons performing review and approval functions shall not be involved in the processing of drivers' license.	DPS	Resolved Delinquent	<p>In October 1995, we received a copy of the duties and responsibilities of BMV employees. However, such written procedures showed that employees performing review and approval functions, such as the Deputy Director, were to be involved in the processing of drivers' licenses. Per DPS letter dated January 7, 1997, the driver's license supervisor was instructed not to be involved in the processing of licenses.</p> <p>Accordingly, the Commissioner of DPS should provide (1) amended duties and responsibilities where employees performing review and approval functions should not be involved in the processing of drivers' licenses, and (2) target implementation date.</p>
5. The Director of BMV should develop and implement written procedures to ensure the validity of drivers' licenses issued. Specifically, require the DL supervisor to review all applications for drivers' license.	DPS	Resolved Delinquent	<p>The duties and responsibilities of BMV employees provided to us in October 1995 showed that the DL supervisor should review drivers' licenses. However, there was no detail of the review process: objectives of the review, what documents to review, when to conduct reviews, and how to document the reviews. Accordingly, the Commissioner of DPS should provide OPA (1) a copy of the written procedures that provides the details of the review process from receipt of application to issuance of drivers' licenses, and (2) target implementation date.</p>
6. The Director of BMV should develop written procedures and implement a	DPS	Resolved Delinquent	<p>The Commissioner of DPS should provide OPA (1) a copy of the written</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
filing system where all pertinent documents used in the processing of drivers' licenses are systematically arranged in individual files.			procedures detailing the systematic filing of all pertinent documents used in the processing of drivers' licenses, and (2) target implementation date.
7. The Director of BMV should assign one staff member to control records kept in and access to the storeroom. The assigned staff should label and systematically arrange the boxes of documents to facilitate retrieval when necessary.	DPS	Resolved Delinquent	The duties and responsibilities of BMV employees provided to us in October 1995 showed that the DL supervisor oversees the filing, maintenance and control of drivers' licenses. However, there was no detail of what documents are to be kept in the storeroom and the procedures for filing them. Accordingly, the Commissioner of DPS should provide (1) written procedures detailing the required procedures to control records in the storeroom, and (2) target implementation date. A copy should be provided to OPA.
8. The Director of BMV should establish and implement written review procedures to ensure the reliability of the records. The review procedures should (a) require the DL Supervisor to control the assignment of numbers to the license cards, and (b) stop the practice of assigning "00" or "01" extension numbers to duplicate drivers' license numbers and correct the duplicate and erroneous driver's licenses by assigning the next numbers in the series that the license was originally issued.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a copy of the written memo requiring the DL Supervisor to (a) control the assignment of numbers to the license cards, and (b) stop the practice of assigning "00" or "01" extension numbers to duplicate drivers' license numbers and (c) correct the duplicate and erroneous driver's licenses by assigning the next numbers in the series that the license was originally issued and (2) target implementation date.
9. The Director of BMV should assign the responsibility of changing data in the computer file to one staff member. The assigned staff should be required to document the reason for the changes made to the computer file and on the driver's license cards.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA a copy of a memo assigning specific staff responsible for and the required procedures in changing data in the computer files.
12. The Commissioner of DPS should require the CJIS programmer to modify the data base program for driver's licenses to allow the accumulation of	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
historical data.			
13. The Commissioner of DPS should require the CJIS programmer to modify the driver's license data base program to improve the processing and maintenance of drivers' license records. The program should be able to accept entry of data from the application and be able to print that data on the driver's license cards. The data should be automatically added by the program to the data base file. If necessary, the DPS can seek assistance from the EDP programmers at the Department of Finance.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996.
16. The Commissioner of DPS and Director of BMV should develop and implement a plan to fully utilize the computer system for vehicle registration. The plan should include (a) recording of vehicle registrations at the BMV instead of bringing the registration files to the CJIS, (b) reconciling the data base file with the manual logbook, and (c) requiring inquiry of vehicle registrations using the computer after the data base has been reconciled with the logbook.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, the vehicle registration programs are included in the current law enforcement Management System and will begin implementation in early February of 1997.
17. The Commissioner of DPS should instruct the CJIS programmer to include a feature in the computer program to check the numerical sequence of license plates entered into the computer.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, the vehicle registration programs are included in the current law enforcement Management System and will begin implementation in early February of 1997.
18. The Director of BMV should develop and implement written procedures to ensure the accuracy of computer records of vehicle registration and completeness of supporting documents. These procedures should include (a) review by the supervisor of the registration documents, (b) assignment of a staff member to log the registration files transferred to and received from	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a copy of the written procedures, and (2) target implementation date. Per DPS letter dated December 11, 1996, the vehicle registration programs are included in the current law enforcement Management System and will begin implementation in early February of 1997.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>the CJIS, (c) filing of registration documents on a daily basis, and (d) preparation of a daily transaction report by the CJIS that should be compared to the vehicle registration documents at the BMV.</p>			

**2. Report No. AR-95-06 issued April 25, 1995  
Bureau of Motor Vehicles (BMV)  
Licensing of Firearm Holders, Shooting Galleries, and Firearm Dealers**

Date(s) of followup letter(s) sent : 6/21/95, 5/3/96, 12/3/96, 2/02/98, 9/18/98  
Date(s) of response letter(s) received : 6/26/95, 10/17/95,3/97

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Commissioner of DPS should require that procedures be developed and implemented to ensure that firearm IDs are issued only to eligible persons. The procedure should require Court clearances that respond to all requirements of the law and DPS regulations, a clearance from the applicant's doctor or hospital responding to all requirements of the law, and proof of residency and age.</p>	DPS	Open Delinquent	<p>The Commissioner of DPS should provide (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of written procedures to ensure that firearm IDs are issued only to eligible persons, including requirement for court clearance, doctor or hospital clearance, and proof of residency and age which respond to all requirements of the law and DPS regulations.</p> <p>DPS provided OPA several posters containing the requirements of the law. These would be helpful to remind DPS personnel of the legal requirements on firearms IDs and dealers license. OPA's recommendation was for DPS to develop and implement procedures, such as clearance to be required from applicants, sequential procedures in the processing of IDs and dealers license as well as subsequent verification procedures. These procedures still needs to be implemented.</p>
<p>3. The Commissioner of DPS should require the Records Section to accurately and completely maintain the registry of IDs including complete files of all documents showing eligibility for Ids.</p>	DPS	Open Delinquent	<p>The Commissioner of DPS should provide to OPA (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written procedures to accurately and completely maintain the registry of firearm IDs.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. The Commissioner of DPS should require the BMV Director to develop and implement written policies and procedures with the assistance of the Supervisor of the Records Section and the Director of Police for following-up on and enforcing ID renewal under the Weapons Control Act.	DPS	Open Delinquent	The Commissioner of DPS should provide to OPA (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written policies and procedures for following-up on and enforcing ID renewal.
6. The Director of BMV should develop written policies and procedures to ensure the safe operation of shooting galleries after issuance of their licenses.	DPS	Open Delinquent	The Commissioner of DPS should provide to OPA (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written policies and procedures to ensure the safe operation of the shooting galleries after issuance of their license.
7. The Director of BMV should develop written policies and procedures for the verification of transfers of firearms and ammunition by the firearm dealers.	DPS	Open Delinquent	<p>The Commissioner of DPS should provide to OPA (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written policies and procedures for the verification of transfers of firearm and ammunition.</p> <p>DPS provided OPA several posters containing the requirements of the law. These would be helpful to remind DPS personnel of the legal requirements on firearms IDs and dealers license. OPA's recommendation was for DPS to develop and implement procedures, such as clearance to be required from applicants, sequential procedures in the processing of IDs and dealers license as well as subsequent verification procedures. These procedures still need to be developed.</p>

**3. Report No. AR-95-09 issued June 8, 1995  
Unnecessary Purchase of an Ambulance Transmission Assembly**

Date(s) of followup letter(s) sent : 12/3/96, 2/02/98, 9/17/98  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. The Secretary of DOF should publish and adopt amendments to the CNMI	DOF	Open Delinquent	DOF needs to clarify the definition of sole source and the procedures for checking

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>Procurement Regulations, such that (a) require purchase requisition for items that are expensive (perhaps \$10,000 and above) and need to be attested by a technician to be signed by such staff, and (b) restrict sole source procurement only when both local and off-island suppliers have been considered and surveyed by the requisitioning agency.</p>			<p>vendor quotes. Thus, the Secretary of DOF should provide to OPA (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the amended regulations or written procedures that clearly define sole source and the procedures in checking vendor quotes.</p>

# Department of Public Works

**I. Report No. AR-95-21 issued December 6, 1995  
Audit of the Kagman School Project**

Date(s) of followup letter(s) sent : 2/7/96, 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/17/98  
 Date(s) of response letter(s) received : 2/29/96, 3/4/96, 7/26/96, 12/20/96

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. The Director of Procurement and Supply should issue a directive to DPW emphasizing the necessity for compliance with CNMI Procurement Regulations.	DOF	Resolved Delinquent	<p>The Director of Procurement and Supply responded that he will issue a directive to the Secretary of DPW mandating him to comply with the CNMI Procurement Regulations in all future A&amp;E services procurement.</p> <p><i>Further Action Needed</i></p> <p>The Director of Procurement and Supply should provide OPA a copy of the directive.</p>
6. The Director of Procurement and Supply should issue a directive to DPW requiring adequate documentation of all bid and proposal evaluations. Documentation should include the criteria used, the scoring system used in the evaluation, the number of evaluations made, and the results of the bid and proposal evaluation(s).	DOF	Resolved Delinquent	<p>The Director of Procurement and Supply stated in his response that adequate documentation of all bid and proposal evaluation is now an ongoing practice in the DPW. However, he will re-enforce this requirement by participating and scrutinizing all bid and proposal evaluations.</p> <p><i>Further Action Needed</i></p> <p>The Director of Procurement and Supply should provide OPA a copy of the directive or memorandum to DPW requiring adequate documentation of all bid and proposal evaluations and also a copy of the memo informing DPW that the Division of Procurement and Supply will participate in and scrutinize all bid and proposal evaluations.</p>

This page was intentionally left blank.

# Municipalities

Offices of the Mayors  
Municipal Councils

# Municipality of Northern Islands

**I. Report No. AR-95-04 issued February 21, 1995  
Office of the Mayor  
Employee Time Charges and Capital Expenditures**

Date(s) of followup letter(s) sent : 3/27/95,7/3/95,7/19/96,10/7/96,12/2/96, 12/23/96, 2/02/98, 9/17/98 (DOF), 9/21/98 (OPM)

Date(s) of response letter(s) received : 4/3/95,7/10/95,7/24/96,7/26/96,10/15/96

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. The Director of Office of Personnel Management and the Secretary of Finance should establish written procedures to periodically test the integrity of the employment history data in the system. Procedures should include investigation of any differences found during the test and evaluation of its implication on the overall integrity of the employment history data.	DOF/OPM	Open Delinquent	Provide copy of the procedures.



# Municipality of Rota

**1. Report No. LT-95-04 issued August 17, 1995**  
**Memorandum of Agreement Between the Municipality of Rota and International Bridge and Construction/Marianas, Inc.**

Date(s) of followup letter(s) sent : 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/17/98  
 Date(s) of response letter(s) received : 8/20/96, 12/3/96, 6/16/97 (RMO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Mayor of Rota should survey and record the remaining equipment donated by Marianas Agupa Enterprises.	DOF	Resolved Delinquent	The Director of Procurement and Supply should request the Rota Mayor's Office to conduct the survey and record the remaining equipment donated by Marianas Agupa Enterprises and to provide the records to his Office.  <i>Further Action Needed</i>  Provide OPA documentation of the survey made and proof that the equipment has been recorded.

**2. Report No. AR-96-06 issued June 20, 1996**  
**Office of the Mayor**  
**Audit of Expenditures**

Date(s) of followup letter(s) sent : 12/5/96, 2/02/98, 9/17/98  
 Date(s) of response letter(s) received : 6/11/97 (DOF), 6/16/97 (RMO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Director of Procurement and Supply should issue a directive to the Rota Mayor's Office reemphasizing compliance with the provisions of the section on Ethics in Public Contracting of the CNMI Procurement Regulations. The Mayor should divest himself from all procurement transactions with business entities' own by himself or his immediate relatives.	DOF	Resolved Delinquent	The Director of Procurement and Supply responded that he will issue a directive to the Rota Mayor's Office reemphasizing compliance with Procurement Regulations and Ethics in Public Contracting.  <i>Further Action Needed</i>  The Director of Procurement and Supply should provide OPA with a copy of the directive.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. The Director of Procurement and Supply should take the appropriate civil actions against the former Mayor as are provided for in the Regulations.	DOF	Resolved Delinquent	<p>The Director of Procurement and Supply responded that after consultation with DOF's Legal Counsel, they have agreed to turn this matter over to the Attorney General (AG). A memorandum dated November 13, 1995, requesting an investigation was sent by DOF's Legal Counsel to the Acting Attorney General.</p> <p><i>Further Action Needed</i></p> <p>The Director of Procurement and Supply should provide OPA with the results of the AG's actions.</p>
4. The Director of Procurement and Supply should recover the \$12,000 paid to a business of the former Mayor for rent of an apartment which was not used.	DOF	Resolved Delinquent	<p>The Director of Procurement and Supply responded that after consultation with DOF's Legal Counsel, they have agreed to turn this matter to the AG. A memorandum dated November 13, 1995, requesting for an investigation was sent by DOF's Legal Counsel to the Acting Attorney General.</p> <p><i>Further Action Needed</i></p> <p>The Director of Procurement and Supply should provide OPA with the results of the AG's actions.</p>
7. The Secretary of Finance should establish and implement written policies and procedures regulating official representation expenses. The policy should clearly indicate the official authorized to incur such expenses, the circumstances when such expenses may be incurred, dollar limits on the amount that may be spent, and the places where such entertainment may be conducted. Procedures should be included on how to request advances and document official representation expenses.	DOF	Resolved Delinquent	<p>The Acting Secretary of Finance responded that DOF is in the process of developing policies and procedures regulating official representation expenses. He added that the points noted in the recommendation will be incorporated into these policies and a copy will be provided to the OPA when completed.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these policies when completed.</p>
10. The Secretary of Finance should instruct the Payroll Section to adjust the leave balances of the employees noted in the report.	DOF	Resolved Delinquent	<p>The Acting Secretary of Finance responded that the Payroll Section will be instructed to adjust the leave balances of the 2 employees listed as taking sick leave. He added that a recommendation should be made to the Rota Mayor's Office to submit leave without pay in lieu of paid hours on a future time sheet</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
14. The Secretary of Finance should recover the overpayments from the two travelers.	DOF	Resolved Delinquent	<p>for the employee with leave without pay.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of the documents showing adjustments made to the sick leave balances of the two employees, and the recovery of payroll payment to the employee with leave without pay.</p> <p>The Acting Secretary of Finance responded that since the two travelers no longer work for the government, DOF has requested the Attorney General (in conjunction with recommendation no. 3) to investigate the propriety of payments made to the two travelers.</p>
15. The Secretary of Finance should require the timely review of all encumbrances. The Office of the Mayor, in conjunction with DOF, should review long outstanding encumbrances and deobligate all POs and TAs that are no longer valid. For those travel advances found to be still outstanding, DOF should pursue collection from the travelers as mentioned in Recommendation 12.	DOF	Resolved Delinquent	<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA a copy of the referral letter to the AG and results of the actions taken.</p> <p>The Acting Secretary of Finance responded that they are already in compliance with the recommendation, per memorandum dated June 6, 1995. According to him, it is each Department's responsibility to notify DOF when an encumbrance should be deobligated. He added that DOF provides report of open encumbrances to all departments on a monthly basis with a request to review and liquidate or deobligate as appropriate. At the end of each fiscal year, DOF deobligates non travel encumbrances of more than two years old and keeps travel related encumbrances open until they are liquidated through a travel voucher or payroll deduction.</p> <p><i>Further Action Needed</i></p> <p>DOF should provide OPA a copy of the results of the review and actions taken.</p>

**3. Report No. LT-98-II issued August 16, 1998**  
**Office of the Mayor**  
**Audit of Compliance with Authorized Number of**  
**Full Time Employee Positions in the Rota Mayor's Office**

Date(s) of followup letter(s) sent :

Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Mayor of Rota should make no appointments that will result in RMO exceeding the number of FTEs authorized by the 1997 Appropriations Act.	RMO	Resolved Active	This recommendation will be considered closed once the Mayor issues a formal directive.
2. The Mayor of Rota and the Office of Personnel Management should remove new hires and replacements not provided for in the original appropriation worksheets attached to 1997 Appropriations Act.	RMO/OPM	Open Active	No action has been taken to address the recommendation. Both the Mayor of Rota and the Office of Personnel Management should consider and implement the recommendation.
3. The Attorney General should consider taking action to collect from responsible former RMO and OMB officials the costs of hiring 12 personnel in excess of RMO's authorized FTE ceiling.	AGO	Open Active	For review by the Attorney General.
4. The CNMI Legislature should enact legislation to clarify the issues relating to "FTE vacancies" and "transfers."	Legislature	Open Active	For consideration by the Legislature.

# Municipality of Tinian

**1. Report No. LT-95-06 issued November 1, 1995**  
**Investigation of a Motor Vehicle Leased by the Tinian Mayor's Office**

Date(s) of followup letter(s) sent : 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/17/98  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Secretary of Finance should designate responsibility to a specific DOF office for implementing government vehicle regulations and develop specific procedures for confiscating vehicle and bringing disciplinary actions against offending officials or employees.	DOF	Open Delinquent	The Secretary of Finance should inform OPA of the DOF office designated to implement government vehicle regulations and provide OPA copy of procedures.
3. The Secretary of Finance should recover the \$1,000 paid to Joeten Motors Company, Inc. from responsible officials of the Tinian Mayor's Office.	DOF	Open Delinquent	The Secretary of Finance should provide OPA proof that the \$1,000 has been recovered.

**2. Report No. AR-96-01 issued January 31, 1996**  
**Office of the Mayor**  
**Audit of Operations**  
**For Fiscal Years Ended September 30, 1990 to 1993:**

Date(s) of followup letter(s) sent : 3/28/96, 11/25/96, 2/02/98, 9/17/98  
 Date(s) of response letter(s) received : 6/11/97

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. The Secretary of Finance should direct the Department of Finance on Saipan and on Tinian to reconcile the fund balance showing in their records at least on a weekly basis, as maintaining an accurate fund balance is necessary for effective budgetary control.	DOF	Resolved Delinquent	The Secretary of Finance should provide the Office of the Public Auditor a copy of the reconciliation procedures to be developed by DOF.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>7. The Secretary of Finance should direct the head of the Tinian Procurement Office to maintain an updated record of capital assets. On a regular basis, the Tinian Procurement Office should conduct an inventory to establish the physical existence, condition and location of fixed assets. It should also compare its record of assets with the inventory and take appropriate action with respect to any differences. Any missing item should be properly accounted for by the concerned agency.</p>	DOF	Resolved Delinquent	<p>The Secretary of Finance should provide OPA (1) a copy of the memo directing the Tinian Procurement Office to establish a schedule for conducting inventories of government capital assets on Tinian and (2) a copy of the inventory results and actions taken.</p>

# **CNMI-Wide Audits**

---

## **Single Audits Compliance with Laws and Regulations**

# CNMI-Wide Audits

## I. CNMI Single Audit

### Independent Auditors' Report on Internal Control Structure and on Compliance

#### Year Ended September 30, 1997

Date(s) of followup letter(s) sent : 12/12/96, 2/09/98  
 Date(s) of response letter(s) received : 12/20/96 (DPW), 1/2/97 (DPH), 2/24/97 (Medicaid), 2/25/97 (NAP), 2/11/98 (Medicaid)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

#### Treasury/Cash Management

- |  |  |   |  |
|--|--|---|--|
| 1. DOF should reconcile all bank accounts to the general ledger on a monthly basis and that the resulting adjustments be posted in a timely manner.              | DOF - Treasury and Finance and Accounting Division | Resolved<br>Delinquent (Outstanding since FY 1994 Single Audit) | According to DOF, an additional staff will be assigned to the Reconciliation Section to begin reconciliation of checking accounts starting with October 1998 on a current basis. The anticipated completion date of the work will be on October 1999.  |
| 2. DOF should ensure that sufficient documentation is obtained and periodically updated to demonstrate full compliance with the requirements of Public Law 9-13. | DOF - Treasury                                     | Resolved<br>Delinquent (Outstanding since FY 1996 Single Audit) | According to DOF, the accounts are not maintained in major depository banks of the Commonwealth. One of the accounts is to be closed soon and contains a minor amount. CNMI will update its agreement with the other two banks. The anticipated completion date of the work will be on January 1999. |

#### Revenue/Receipts

- |  |           |   |   |
|--|-----------|---|---|
| 3. The Division of Revenue and Taxation (DRT) should review its system of record keeping and establish policies and procedures to ensure that tax returns are orderly, systematic, and are properly accounted for. | DOF - DRT | Resolved<br>Delinquent (Outstanding since FY 1994 Single Audit) | According to DOF, procedures for accountability of tax returns have been implemented including the hiring of a records specialist responsible for storing returns in locked file cabinets and maintaining a holding area for returns pulled for review. |
|--|-----------|---|---|

#### Further Action Needed

Provide copy of the policies and procedures established to ensure that tax returns are accounted for properly.

- |   |          |                    |  |
|---|----------|--------------------|--|
| 4. DRT should ensure that all manual cash receipts are issued sequentially and that the sequences of both used and unused | DOF- DRT | Resolved<br>Active | According to DOF, Revenue Officers will be required to include in their monthly reports an inventory and accountability of |
|---|----------|--------------------|--|



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
receipts are accounted for on a periodic basis to ensure that all revenues are properly recorded.			all manual receipts in their possession. The policy will be effective on monthly reports as of November 30, 1998.  <i>Further Action Needed</i>  Provide copy of the November 30, 1998 monthly reports of the Revenue Officers.
6. The Office of Treasury implement procedures to ensure that all Daily Cashier Deposit Reconciliation Report's (DCDRR's) are appropriately reviewed and documented..	DOF- Treasury	Resolved Active	According to DOF, the CNMI Treasurer has reemphasized proper DCDRR completion procedures to her staff.  <i>Further Action Needed</i>  Provide copy of memo reemphasizing proper DCDRR completion procedures to staff.
7. The Office of Treasury should implement procedures to ensure that all cash receipts are recorded to the proper general ledger accounts.	DOF- Treasury	Resolved Active	According to DOF, corrective procedures are already implemented. The point of sale (POS) to be fully implemented by March 1999.
8. The CNMI Customs Division should maintain documentation supporting tax assessments in an organized manner and for a reasonable duration to ensure that all revenues are adequately supported.	DOF - Customs Division	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	The standard Customs Division policy of retaining all supporting documentation with the cash receipt copy has been reemphasized with the staff.  <i>Further Action Needed</i>  Provide copy of memo reemphasizing policy of retention of supporting documentation to staff.
9. The CNMI Customs Divisions enforce its tax assessment and cash receipt procedures.	DOF - Customs Division	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to DOF, the finding is considered resolved due to low error rate. Customs Division will continue to emphasize proper assessment and cash receipting procedures to its staff.  <i>Further Action Needed</i>  Provide copy of memo reemphasizing proper assessment and cash receipting procedures to its staff.
10. CHC ensure that all Cashier Deposit Reconciliation Report's are properly documented.	DPH -CHC	Resolved Active	According to CHC, the management will continue to emphasize proper cash receipting procedures to its staff.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Further Action Needed</i>			
Provide copy of memo emphasizing proper cash receipting procedures to staff.			
<i>Payroll</i>			
11. The CNMI should maintain documentation supporting all payroll expenditures in an organized and complete manner, and that all payroll registers be reconciled to general ledger postings.	DOF - Finance and Accounting Division	Resolved Active	According to DOF, the new payroll system accurately include all necessary information which addresses the finding in FY 1998.
<i>Further Action Needed</i>			
Provide documents showing that payroll registers are reconciled to general ledger postings in the new payroll system.			
<i>Purchases/Disbursements</i>			
12. DOF should ensure that all disbursements are supported by valid and properly approved purchase orders and purchase requisitions, and that they are properly recorded in the correct period.	DOF - Finance and Accounting Division	Resolved Active	According to DOF, filing procedures have been standardized. Under the new Financial Management System (FMS), purchase requisitions are sent directly to Procurement and Supply. They are entered by the requesting department and electronically certified for available funds by DOF. The completed requisition is suppose to be submitted with the invoice at the time of payment. DOF considers the finding resolved.
<i>Further Action Needed</i>			
Provide copy of standardized filing procedures.			
13. The CNMI should initiate a change in the Electronic Data Processing (EDP) system parameters to limit the assignment of Accounts Payable Vouchers (APV) numbers to a single sequence regardless of fund.	DOF - Finance and Accounting Division	Resolved Active	According to DOF, the finding is the result of inconsistent filing procedures after implementation of the new FMS. The new FMS automatically assigns APV numbers based on the fund of the encumbering document. The fund is part of the APV#, it is not a duplicate # and consistent filing procedures implemented addressed the problem.
<i>Further Action Needed</i>			
Provide copy of standardized filing procedures.			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Budgetary Reporting</i>			
14. The CNMI should ensure that budgeted amounts are recorded and maintained, including appropriated amounts and reprogrammings. Expenditures should be monitored to ensure that actual expenditures do not exceed the budget.	OMB	Resolved Active	According to DOF, the new FMS setup was not able to develop reports that accurately separate budget balances from the old system related to reprogramming and prior year encumbrances. However, this was corrected in FY 98 so that accurate reporting of budgetary balances can be done.  <i>Further Action Needed</i>  Provide print out from the new FMS of reports that accurately show budgeted amounts including appropriated amounts and reprogrammings.
<i>External Financial Reporting</i>			
15. The CNMI Division of Electronic Data Processing (EDP) develop and implement a disaster recovery plan. Back-ups of system data should be stored off-site.	DOF - EDP	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, the EDP Division is in the process of developing and implementing a disaster recovery plan utilizing off site storage backup tapes at Bank of Guam. The anticipated completion date of the work will be on FY 1999.
16. DOF should ensure that security locks are used pending completion of the facility renovation.	DOF - EDP	Resolved Active	According to DOF, camera and security lock have been disabled due to the renovations in process at EDP facilities. The security locks will be reactivated once renovation is complete. The anticipated completion date of the work will be on FY 1999.
17. DOF should determine the manner in which the Human Resources Development Trust Fund deficit will be eliminated.	DOF	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to DOF, the deficit will be reduced to about \$880,000 at the end of FY 98. If Legislative appropriations continue at current level, controlling expenditures should eliminate the deficit in the next three years. Anticipated date of elimination of deficit will be on FY 2001.  <i>Further Action Needed</i>  Provide copy of documents showing reduction of deficit in FY 98 by \$880,000 and subsequent years until fully eliminated.
18. DOF should investigate the unidentified	DOF	Resolved	According to DOF, they are still

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
balance and ensure that all transactions are properly recorded in the general ledger.		Active	<p>investigating the remaining balance to determine what entries need to be made to clear it.</p> <p><i>Further Action Needed</i></p> <p>Provide copy of adjusting entries made to resolve the unidentified balance.</p>
<i>Receivables</i>			
19. CHC should implement procedures to ensure that all billings are processed on a timely basis, and that standard procedures be implemented to follow-up on aged accounts. Accounts determined to be uncollectible should be written off.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	<p>CHC provided the status of major courses of action taken to improve the billing and collection system. However, full implementation of a modern billing and collection system is not expected for at least two years.</p> <p><i>Further Action Needed</i></p> <p>Provide update of the status of actions taken until full implementation of a modern billing and collection system that will address the recommendation.</p>
20. The CNMI should maintain a subledger of all general receivables and write-off any unsupported or uncollectible balances.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	<p>A finance and accounting staff member will be assigned to reconcile and establish accounts receivable subledgers. Anticipated completion date for the work will be on FY 1999.</p>
21. The CNMI should review all outstanding receivables from Federal agencies for propriety and collectibility. All valid receivables should be submitted to the various Federal grantor agencies for collection of the amounts owed to the CNMI. All other balances should be written off to the General fund.	DOF - Finance and Accounting Division	Resolved Active	<p>According to DOF, they will review grant receivable balances on the books and adjust balances that are not valid. Anticipated completion date for the work will be on FY 1999.</p>
22. DOF should obtain a written agreement from the TCGCC indicating its obligation to repay funds advanced and the time frame for repayment. No further advances to third parties should be made without adequately documenting the authorization to do so.	DOF	Resolved Active	<p>According to DOF, TCGCC will be contacted regarding a written repayment agreement by December 1998.</p> <p><i>Further Action Needed</i></p> <p>Provide copy of repayment agreement sent to TCGCC by December 1998.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Advances</i>			
23. DOF should implement a procedure whereby all ordering divisions are contacted on a regular basis to determine the status of items for which an advance payment had been made. A detailed subsidiary ledger of all advances to vendors should be reconciled to the general ledger on a monthly basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, the software vendor has been contacted and is in the process of providing corrected programs. DOF will analyze the current balances and make the necessary adjustments. The anticipated date of completion for the work will be on FY 1999.
24. DOF should ensure that travel and payroll advance accounts are reconciled on a monthly basis. The CNMI should review all advances outstanding for more than one year, evaluate their collectibility, and write off any amounts deemed uncollectible. Policies and procedures should be implemented and enforced requiring the timely liquidation of all travel advances.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, in FY 98 the processing method for travel related transactions was changed so that balances by traveler will be available. The anticipated completion date for the work will be on FY 1999. Once balances are available statements will be sent to travelers to institute collection procedures through payroll and other means available.
<i>Inventory</i>			
25. The CNMI should establish proper physical control over supplies inventory by implementing a perpetual inventory system, which would include the use and control of receiving and issuance reports.	DOF - P&S	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, Serv-Mart inventory and issuance is scheduled to be converted to the inventory module of the new FMS in 1999. The new system will provide automated integration with the general ledger, automated issuance and receiving reports and a perpetual inventory.
26. DPH should budget sufficient funds to repair and adequately maintain the CHC storage facility.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to DPH, funds will continue to be requested through appropriation and allotment process to repair and replace the current facility. However, a completion date cannot be projected.
<i>Further Action Needed</i>			
Provide copy of status of the request for funds to repair and maintain CHC storage facility.			
27. CHC should implement a perpetual inventory system for the Central Supply Room and the Pharmacy Dispensing Unit.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to DPH, the inventory module of the new FMS will provide perpetual inventory records once it is fully implemented. The anticipated date of completion for the work will be on FY 1999.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
28. CHC should establish policies and procedures by requiring detailed physical inventory reports and reconciliation of physical inventory to the general ledger inventory balance.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to DPH, the new FMS includes an inventory module that is fully integrated to the general ledger and CHC has converted their inventory records to this new system. The anticipated date of completion for the work will be on FY 1999.

*Property and Equipment*

29. The CNMI should perform an inventory of its fixed assets as a basis for recording all assets in the General Fixed Assets Account Group.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, implementation of the fixed assets module in the new FMS began during FY 98. However, existing assets must be manually entered into the system. The anticipated date of completion for the work will be on FY 1999.
---	--	--	---

*Payables and Accrued Liabilities*

30. DOF should ensure that the accounts payable balances are reconciled on a monthly basis.	DOF - Finance and Accounting Division	Resolved Active	According to DOF, reconciliation procedures will be developed to reconcile accounts payable balances to the detail on a monthly basis and post adjustments. The anticipated date of completion for the work will be on FY 1999.
31. The CNMI should take necessary steps to monitor deposits.	DOF - Finance and Accounting Division	Open Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, they will work with departments that receive significant deposits (DLI and DPW) to determine if procedures can be implemented to provide deposit detail in the FMS. The anticipated date of completion for the work will be on FY 1999.

*Fund Balance*

32. DOF should ensure that all encumbrances are recorded and reconciled on a monthly basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, encumbrances were incorrectly converted to the new FMS and attempts at corrections through the system have been unsuccessful. Departments will be provided with the detail of the remaining open encumbrances for verification. The anticipated date of completion for the work will be on FY 1999.
33. DOF should monitor and document all ongoing construction projects and a report should be prepared for the Secretary of Finance on a quarterly basis.	DOF	Resolved Active	According to DOF, conversion to the new FMS of appropriation balances for the local Capital Improvement Projects fund was incorrectly done. Adjustments will be made

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			in FY 98. Quarterly reporting will be reinstated in FY99.
<i>Federal Award Findings and Questioned Costs Section</i>			
34. DOF should file all supporting documents in a timely manner. [US Dept. of Agriculture/ Nutrition Assistance Program/ CFDA #10.551]	DOF	Resolved Active	According to DOF, the filing procedures have been standardized and implemented.  <i>Further Action Needed</i>
			Provide copy of standardized filing procedures.
35. The Nutrition Assistance Program (NAP) should enforce the policy of disqualifying noncomplying members of the household to participate in the NAP program to ensure compliance with the work registration requirement. [US Dept. of Agriculture/NAP/CFDA #10.551]	NAP	Open Delinquent (Outstanding since FY 1996 Single Audit)	Provide copy of procedures adopted to ensure compliance with work registration requirements.
36. NAP should continue to emphasize the importance of reporting, and the effects of not reporting, changes in household composition and income during participant orientations. [US Dept. of Agriculture/NAP/CFDA #10.551]	NAP	Open Delinquent (Outstanding since FY 1996 Single Audit)	Provide copy of memo reemphasizing the importance of reporting and the effects of not reporting changes in household composition and income.
37. Medicaid should ensure that the grantee should ensure that the claim files for all off-island referrals should include the evaluation of the Medical Referral Committee and the authorization letter signed by the Secretary of DPH. [US Department of Health and Human Services/ Medical Assistance/ CFDA #93.778]	Medicaid	Open Active	The Medical Referral Committee evaluation and authorization for further medical referral is retained by the committee and not included in the patient claim file. Medicaid will coordinate with the Committee in establishing a new filing procedure. The anticipated date of completion for the work will be on FY 1999.
38. The CNMI should ensure that contractors comply with the provisions of the Davis-Bacon Act. [US Department of Transportation/ Highway Planning and Construction/ CFDA #20.205]	DPW -TSD	Resolved Active	According to DPW, Technical Services Division (TSD) has established a procedure for monitoring contractors to ensure compliance with the Davis-Bacon Act.  <i>Further Action Needed</i>
			Provide copy of procedures adopted to monitor contractors to ensure compliance with the Davis-Bacon Act.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
39. The CNMI should ensure that contractors comply with the provisions of the Davis-Bacon Act. [US Department of the Interior/ DOI and Covenant Capital Projects/ CFDA #15.875]	DPW- TSD	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	Provide copy of procedures adopted to monitor contractors to ensure compliance with the Davis-Bacon Act.
40. DOF should file all supporting documents in a timely manner. [US Department of the Interior/ DOI Capital Projects and Technical Assistance/ CFDA #15.875]	DOF	Resolved Active	According to DOF, the filing procedures have been standardized and implemented.  <i>Further Action Needed</i>  Provide copy of standardized filing procedures.
41. The CNMI should follow all Common Rule and local procurement requirements, including fully documenting the basis of all procurement decisions. [US Department of the Interior/ DOI and Covenant Capital Projects/ CFDA #15.875]	DOF - P&S	Open Active	According to P&S, procedures will be implemented to ensure that procurement decisions are fully documented.  <i>Further Action Needed</i>  Provide copy of procedures adopted to ensure full documentation of procurement decisions.
42. The CNMI should institute procedures to ensure timely follow-up of questioned costs for subrecipients. Additionally, the CNMI should begin inquiry of subrecipients as to the status of availability of audit reports.	DOF	Resolved Delinquent (Outstanding since FY 1995 Single Audit)	According to DOF, they will summarize questioned costs considered unresolved by the auditors and request the appropriate Federal agency to validate their resolution of current status. The anticipated date of completion for the work will be on FY 1999.  DOF should also provide copy of procedures adopted to monitor subrecipients and in particular ensure timely follow-up of questioned costs for subrecipients.

**Cash Management**

43. DOF should reconcile the NAP bank account to the general ledger on a monthly basis and that the resulting adjustments be posted in a timely manner. [Nutrition Assistance CFDA #10.551]	DOF	Resolved Active	According to DOF, reconciliation of NAP bank account will be transferred to the Finance and Accounting Reconciliation Section from NAP. The anticipated date of completion for the work will be on FY 1999.
---	-----	--------------------	---

**Eligibility**

44. NAP should adhere to established	NAP	Open	Provide copy of procedures adopted to
--------------------------------------	-----	------	---------------------------------------



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
policies and procedures for certifying and recertifying applicants and that NAP develop and implement monitoring procedures for verifying compliance with all requirements. [Nutrition Assistance/CFDA #10.551]		Delinquent (Outstanding since FY 1996 Single Audit)	ensure adherence to established guidelines for certifying and recertifying applicants and monitoring procedures for verifying compliance with all the requirements.
45. NAP should comply with the requirements stated in the Manual of Operations. NAP should establish procedures for the Management Evaluation Unit (MEU) to follow-up on outstanding disposition records and for the Certification Unit (CU) to monitor outstanding disposition records and perform corrective actions on a timely basis. [Nutrition Assistance/CFDA #10.551]	NAP	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to NAP, they will establish follow up procedures to improve the resolution time of cases referred to the CU by the MEU. The MEU suffered from a shortage of personnel and a large backlog of cases during 1997 that minimized the time available for follow-up of cases. The anticipated date of completion for the work will be on FY 1999.
46. NAP should comply with the requirements stated in the Manual of Operations. Case file reviews, and any related corrective actions, should be conducted and implemented in a timely manner. Controls should be established to ensure that review and report deadlines are met. [Nutrition Assistance/CFDA #10.551]	NAP	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to NAP, they will take all reasonable steps to ensure that monthly and quarterly reports are submitted on time. The anticipated date of completion for the work will be on FY 1999.
<i>Special Tests and Provisions</i>			<i>Further Action Needed</i>
47. MEU should conduct management evaluation reviews of all aspects of NAP as required by the Memorandum of Understanding and the Manual of Operations. [Nutrition Assistance CFDA #10.551]	NAP	Resolved Active	According to NAP, back log of cases in the MEU reduced the time available for general management reviews. However, MEU will make every effort to conduct the necessary management evaluation reviews. The anticipated date of completion for the work will be on FY 1999.
48. NAP should implement control and monitoring procedures to verify that all identified overissuances are properly recorded and filed, and that the proper collections procedures are implemented. [Special tests and provisions related to the Nutrition Assistance/CFDA #10.551]	NAP	Open Delinquent (Outstanding since FY 1996 Single Audit)	According to NAP, the management will review control and monitoring procedures and continue to emphasize the importance of timely collection actions to the staff.
			<i>Further Action Needed</i>
			Provide copy of procedures adopted to specifically identify the NAP Unit

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
responsible for implementing the prescribed collection procedures and procedures to verify that all identified NP Unit overissuances are properly recorded and filed.			
<i>Allowable Costs/Cost Principle</i>			
49. The Medicaid agency should amend its cost allocation plan based on current organization and program levels and any changes in Federal law or regulations. [Medical Assistance/CFDA #93.778]	Medicaid	Resolved Active	According to Medicaid, they are updating their cost allocation plan and submit it for approval. The anticipated date of completion for the work will be on January 1999.
<i>Eligibility</i>			
50. The Medicaid agency should correct the situation by either: (1) revising the Operational Plan to bring it in line with the eligibility computations currently in use by the agency, and submit the revised plan to the Health Care Financing Administration (HCFA) Regional Office for approval as specified by 42 Code of Federal Regulations (CFR) Section 430.12(c)(1), or (2) revising the eligibility computations for non-SSI applicants to conform with the General Waiver and their current Operational Plan. [Medical Assistance/CFDA #93.778]	Medicaid	Open Active	According to the Social Security Income (SSI), Medicaid is correct in its basis of determining income eligibility except we have not divided the applicants' income by two before comparing it with the income threshold.  <i>Further Action Needed</i>  Medicaid should contact the Federal Medicaid Office to inquire about their opinion on the matter.
<i>Reporting Requirements</i>			
51. The HCFA-37 and other grantor agency reports should be submitted on or before the prescribed details. [Medical Assistance/CFDA #93.778]	Medicaid	Resolved Active	According to Medicaid, they will submit the financial reports by January 1999.
52. The CNMI should establish procedures to ensure the timely reconciliation of reconciliation of records between the two locations and that the FMS records be used as the basis for preparing the HCFA-64 reports. [Medical Assistance/CFDA #93.778]	DOF	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, the Medicaid agency will be given on line access to the FMS to facilitate reconciliations. The anticipated date of completion for the work will be on January 1999.
53. TSD should implement formal documentation procedures to	DPW - TSD	Resolved Delinquent	According to DPW, TSD has established procedures for monitoring contractors. The

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
memorialize the monitoring procedures performed, including the results of those procedures and any corrective actions taken, to ensure compliance with the above criteria. [Davis-Bacon Act - Highway Planning and Construction/CFDA #20.205/ DOI and Covenant Capital Projects/ CFDA #15.875]		(Outstanding since FY 1996 Single Audit)	anticipated date of completion for the work will be on FY 1999.  <i>Further Action Needed</i>  Provide copy of procedures adopted to monitor contractors to ensure compliance with the Davis-Bacon Act.
54. DOF should implement procedures to ensure that all expenditures involving federal and local matching are properly allocated. The financial management system balances should be reconciled to the reports submitted for reimbursements. [DOI Capital Projects/ CFDA #15.875]	DOF - Finance and Accounting Division	Resolved Active	According to DOF, conversion of data from old FMS did not properly allocate Federal and local share of expenditures. DOF will review and adjust allocation to correct amounts. The adjusted allocation will be included in the FY98 financial reports.
55. DOF should implement procedures that ensure all required federal financial reports are filed in a timely manner and reconciled to the general ledger. [Technical Assistance Grants, DOI and Covenant Capital Projects/ CFDA #15.875]	DOF	Open Delinquent (Outstanding since FY 1995 Single Audit)	Provide copy of steps taken to ensure that required reports are submitted on a timely basis.
57. The CNMI should ensure that contracts funded by federal grants specify compliance with all applicable federal laws. [DOI and Covenant Capital Projects/ CFDA #15.875]	DOF	Resolved Delinquent (Outstanding since FY 1995 Single Audit)	Provide copy of memo reemphasizing that the standard terms and conditions' page should be attached to all contract copies to ensure that all contracts funded by the federal grants comply with all applicable federal laws.
58. All procurement regulations should be followed, and that adequate public notice should be provided for all invitations to bid. [DOI and Covenant Capital Projects/ CFDA #15.875]	DOF - P&S	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to Procurement and Supply, they will implement procedures to ensure procurement actions are properly documented. The anticipated date of completion for the work will be on FY 1999.
59. DPW should implement a written policy to ensure control over unused inventories of supplies remaining upon the termination or completion of a federal program, in accordance with the Common Rule. [All Programs]	DPW	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	Provide copy of procedures in accordance with 23 CFR 635.122 adopted to ensure that contractors are paid only for materials actually used on a project.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Equipment and Real Property Management</i>			
60. DOF should compile equipment listings to meet the federal requirements. Policies and procedures should be developed to ensure safeguards and to maintain the equipment in good condition. Physical inventories should be taken and reconciled with the property records at least once every two years. [All Programs]	DOF	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, implementation of Fixed Asset module in the new FMS began during FY 98 and should be completed by FY 1999.

**2. Report No. AR-97-02 Issued March 4, 1997  
Audit of Compliance with the Compensation Adjustments Act  
(Government Salary Ceiling)**

Date(s) of followup letter(s) sent : 2/02/98, 9/09/98 (NMC), 9/17/98 (GOV), 9/18/98 (CPA), 9/21/98 (MVB) (CDA)  
Date(s) of response letter(s) received : 2/10/98 (DPH), 2/06/98 (NMC)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Marianas Visitors Bureau</i>			
5. Take steps to recover the excess salaries paid to the officials.	MVB	Open Delinquent	The MVB Managing Director responded that it is the Board's position that the cost to recover the excess salaries will exceed any recovery by a significant margin.  <i>Further Action Needed</i>  MVB Managing Director should provide evidence that legal costs would exceed the amounts to be recovered.
6. Limit the salaries of officials within the government salary ceiling.	MVB	Resolved Delinquent	The MVB Managing Director responded that MVB will fully comply with any and all laws applicable to salaries.  <i>Further Action Needed</i>  MVB Managing Director should submit copy of personnel action showing reduction in the salary of the Comptroller.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	MVB	Resolved Delinquent	<p>The MVB Managing Director responded that MVB will fully comply with any and all laws applicable to salaries.</p> <p><i>Further Action Needed</i></p> <p>MVB Board should submit copy of directive to MVB Managing Director requiring enforcement of Compensation Adjustments Act.</p>
8. Revise the MVB salary schedule to comply with the government salary ceilings.	MVB	Resolved Delinquent	<p>The MVB Managing Director responded that MVB will fully comply with any and all laws applicable to salaries.</p> <p><i>Further Action Needed</i></p> <p>MVB Managing Director should submit copy of a revised schedule of salaries of officials and employees showing maximum allowable salaries for each position.</p>
<i>Commonwealth Development Authority</i>			
9. Take steps to recover the excess salaries paid to the official.	CDA	Open Delinquent	<p>The CDA Executive Director disagreed with the recommendation.</p> <p><i>Further Action Needed</i></p> <p>CDA Executive Director should reconsider and implement recommendation.</p>
10. Limit the salary of the official within the government salary ceiling.	CDA	Open Delinquent	<p>The CDA Executive Director disagreed with the recommendation.</p> <p><i>Further Action Needed</i></p> <p>CDA Executive Director should reconsider and implement recommendation.</p>
11. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	CDA	Open Delinquent	<p>The CDA Executive Director disagreed with the recommendation.</p> <p><i>Further Action Needed</i></p> <p>CDA Executive Director should reconsider and implement recommendation.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
12. Revise the CDA salary schedule to comply with the government salary ceilings.	CDA	Open Delinquent	<p>The CDA Executive Director disagreed with the recommendation.</p> <p><i>Further Action Needed</i></p> <p>CDA Executive Director should reconsider and implement recommendation.</p>
<i>Northern Marianas College</i>			
13. Take steps to recover the excess salaries paid to the officials.	NMC	Open Active	<p>On February 6, 1998, the NMC President responded that the enactment of P.L. 10-77 amends 3 CMC Section 1316 (n) so that NMC is specifically exempted from the 1984 Compensation Adjustments Act and the Commonwealth Salary Act of 1988.</p> <p>On September 9, 1998, OPA responded that P.L. 10-77 became effective only on December 24, 1997. The scope of the audit included compensation of all government officials and employees as of October 1996. Therefore, NMC should still recover excess salaries paid until December 23, 1997 which was before P.L. 10-77 took effect.</p> <p><i>Further Action Needed</i></p> <p>NMC President should reconsider and implement recommendation.</p>
<i>Commonwealth Ports Authority</i>			
17. Take steps to recover the excess salaries paid to the officials.	CPA	Open Delinquent	<p>The CPA Executive Director disagreed with the recommendation.</p> <p><i>Further Action Needed</i></p> <p>CPA Executive Director should reconsider and implement recommendation.</p>
18. Limit the salaries of the officials within the government salary ceiling.	CPA	Open Delinquent	<p>The CPA Executive Director disagreed with the recommendation.</p> <p><i>Further Action Needed</i></p> <p>CPA Executive Director should reconsider and implement recommendation.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
19. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	CPA	Open Delinquent	The CPA Executive Director disagreed with the recommendation.  <i>Further Action Needed</i>  CPA Executive Director should reconsider and implement recommendation.
20. Revised the CPA salary schedule to comply with the government salary ceilings.	CPA	Open Delinquent	The CPA Executive Director disagreed with the recommendation.  <i>Further Action Needed</i>  CPA Executive should reconsider and implement recommendation.
<i>Office of the Governor</i>			
21. Take steps to recover the excess salaries paid to the officials.	GOV	Open Delinquent	The Governor disagreed with the recommendation.  <i>Further Action Needed</i>  Governor should reconsider and implement the recommendation.
22. Limit the salary of the Director of Personnel Management to \$50,000 and the Special Counsel for Legislation to \$48,000.	GOV	Open Delinquent	The Governor disagreed with the recommendation.  <i>Further Action Needed</i>  Governor should reconsider and implement the recommendation.

**3. Report No. AR-97-05 issued March 20, 1997  
 Audit of the Executive Branch of the CNMI Government's  
 Professional Services Contracts from October 1991 to July 1995**

Date(s) of followup letter(s) sent : 7/09/97, 2/02/98, 9/17/98 (AGO) (DOF) (GOV), 9/22/98 (OMB)  
 Date(s) of response letter(s) received : 2/6/98 (OMB)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating advance payments and contract monitoring such as those provided under FAR.	DOF	Resolved Delinquent	The Secretary of Finance stated that final rules and regulations regarding advance payments to contractors and contract monitoring will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will instruct the P&S Director to issue interim policies and procedures regulating advance contract payments and contract monitoring, which is expected to be issued by January 31, 1997. He concurred that a contract administration section needed to be established to consolidate contract monitoring functions in one area. DOF is in the process of determining whether this section should be located in P&S, DOF's Secretary's Office, or the Governor's Office. In addition, the Governor responded to the recommendation. He stated the three interim actions which he expects to be taken by DOF pending adoption of the revised procurement regulations being developed by the AG's Office.
			<i>Further Action Needed</i>
			The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.
2. The Contracting Officers should initiate the termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&S Director who should do the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, thus, Recommendation 2 is not applicable).	AGO (in lieu of DOF response) for Contract C50322	Resolved Delinquent	The Acting Attorney General stated that the AG's Office has obtained a default judgment against Mr. Sablan. Collection under the judgment, however, is only possible to the extent that assets or income is available which can be attached. The AG's Office is continuing its efforts to collect in this matter.
			<i>Further Action Needed</i>
3. The Contracting Officers should			The Acting Attorney General should



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>recover payments (including interest) made to contractors which we identified as having been paid without performing their work, and refer those who refuse to pay to the AG's Office for legal action.</p>	<p><b>ConCon Committee</b> for Contract C50297</p>	<p>Resolved Delinquent</p>	<p>provide OPA with a copy of documents showing recovery of payments from the contractor of Contract C50322.</p> <p>The former Chairman of the ConCon Committee stated that the Third ConCon was <i>not a part of the Executive Branch</i> or any of the other branches of the Commonwealth Government. He responded that since the Third ConCon Committee has ceased to exist, the Secretary of Finance should take the initiative to attempt to recover any such payments.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy the results of actions to recover payments (including interest) from the contractor of Contract C50297.</p>
	<p><b>Governor's Office</b> for Contracts C40222, C40122, C50098, C40113, and C50108</p>	<p>Resolved Delinquent</p>	<p>The Governor responded that inadequate written documentation does not necessarily mean that some or all of the services required under a contract were not provided. Thus, he is forming a review committee comprised of representatives of DOF and AG's Office be formed to independently review each of the contracts discussed in the report to determine whether and to what degree (1) the contract file documentation inadequately documents services actually rendered or (2) the vendor failed to provide the services required under the contract. Based on the review, appropriate corrective action will be initiated.</p> <p><i>Further Action Needed</i></p> <p>The Governor should provide OPA with (1) the target date for completion of the review and the names of the officials who will be responsible, (2) a copy of the results of the review and documents to evidence implementation.</p>
	<p><b>Office of Mgt. &amp; Budget</b></p>	<p>Resolved Delinquent</p>	<p>On the May 19, 1998 letter to OMB, OPA</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	for Contract C40276		<p>agreed that the correct amount of overpayment is \$10,000 based on total payments made of \$34,000 less the Contractor's billable amount of only \$24,000. OPA also mentioned the need to examine billing statements supporting the \$24,000 charges upon completion of the scope of work.</p> <p>With regards to change order no. 2, OPA questioned the extension of expiration date from October 7, 1996 to December 31, 1998. OPA required explanation why the Contractor's deadline is extended more than six months from the date of OPA's letter and whether such extension is reasonable.</p> <p><b>Further Action Needed</b></p> <p>To close the recommendations, the Special Assistant for Management &amp; Budget should provide OPA copies of (1) documentation evidencing completion of phase one by the contractor (i.e., Customs manual), (2) copy of completely processed change order no. 2, (3) documents evidencing recovery of overpayments (i.e., CNMI official receipts), and (4) documents explaining the reasonableness of extension granted and billing statements supporting the \$24,000 charges upon completion of the scope of work.</p>
<p>The Secretary of Finance should develop detailed procedures for the appropriate use of sole source procurement and direct the P&amp;S Director to implement such procedures, which should include:</p> <ol style="list-style-type: none"> <li>4. Enforcing the rule that all professional services contracts be awarded through competitive proposals.</li> <li>5. Ensuring that written determinations issued by the P&amp;S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement.</li> </ol>	DOF	Resolved Delinquent	<p>The Secretary of Finance stated that final rules and regulations regarding sole source procurement will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding competitive proposals, written justifications, and alternative sources for sole source procurement and direct the P&amp;S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. Ensuring that alternative sources be considered in sole source procurement.			<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
7. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating cost, scope of work and deliverables, and contract renewals such as those provided under FAR.	DOF	Resolved Delinquent	<p>The Secretary of Finance stated that final rules and regulations regulating cost, scope of work and deliverables, and contract renewals will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding cost negotiation justifications, change orders, deliverables, and contract renewals, and direct the P&amp;S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
The Secretary of Finance should issue a memorandum instructing the DOF - Accounting Section to:	DOF	Open Delinquent	<p>The Secretary of Finance stated that he will issue a memorandum to the Director of Finance &amp; Accounting instructing to ensure that overpayments are recovered and that contract payment requests are adequately reviewed to ensure payment amounts is correct and contain all appropriate supporting documents.</p>
8. Recover or offset from future payments the \$15,079 overpayments to contractors.			
9. Adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors. Inadequately supported payment requests should be rejected.			<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum and the results of Finance &amp; Accounting's actions to recover overpayments.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
10. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that has the same scope of work and whose periods overlap.	DOF	Open Delinquent	The Secretary of Finance stated that he will issue a memorandum to the P&S Director directing that written policies and procedures be developed to prevent multiple contracts with the same vendor for the same scope of work and overlapping contract periods.  <i>Further Action Needed</i>  The Secretary of Finance should provide OPA with a copy of these policies and procedures.
Issue a memorandum to the P&S Director:	DOF	Open Delinquent	The Secretary of Finance stated that he will issue a memorandum to the P&S Director requiring compliance with the procurement regulations on contract review, processing, and oversight, and directing that written policies and procedures be developed and implemented to ensure that contracts do not become effective prior to completion of their processing.
11. Requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight.			<i>Further Action Needed</i>  The Secretary of Finance should provide OPA with a copy of this memorandum and the policies and procedures to ensure that contracts do not become effective prior to the date of completion of contract processing.
12. Instructing to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior to the date of completion of contract processing.			
13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.	DOF	Open Delinquent	The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that contract payment is not made prior to completion of contract processing.  <i>Further Action Needed</i>  The Secretary of Finance should provide OPA with a copy of this memorandum.

**4. Report No. AR-98-02 issued May 26, 1998  
Review of CNMI's Compliance with  
Government Vehicle Act and Regulations  
March 1995 to March 1997**

Date(s) of followup letter(s) sent : 9/09/98 (DLNR) (CDA) (DPW) (PDO) (SMO), 9/17/98 (DOF) (GOV), 9/18/98 (DLI) (SAA) (DCCA) (DPS) (WASHREP) (SENATE) (HOUSEREP) (LEGBUREAU) (TMC) (BOED) (BOELEC) (CPA) (CUC) (NMIRF) (TCGCC) (LIBCOUNCIL), 9/21/98 (EMO) (DOC) (DPH) (SPMC) (SPRC) (TMO) (RMO) (NIMO) (SMC) (RMC) (CSC) (NMC) (MVB), 9/22/98 (OMB), 10/16/98 (TMO) (CSC), 10/28/98 (TMO)

Date(s) of response letter(s) received : 5/28/98 (DLI), 5/11/98 06/01/98 (DLNR), 6/04/98 (CDA), 6/29/98 (DPW), 7/01/98 (DCCA), 7/31/98 (PDO), 8/24/98 (SMO), 10/1/98 (TMO), 10/06/98 (CSC), 10/21/98 (TMO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The heads of departments, activities, and autonomous agencies of the CNMI government should become familiar with, and ensure that their respective agencies comply with, the requirements of the Act and the Regulations. The heads should issue a written directive to their respective personnel requiring them to:</p>	(See last column)	Open Active	<p>Each of the following agencies should provide the Office of the Public Auditor (OPA) a copy of the agency head's written directive to the agency's personnel and divisions or offices directly under the agency to implement the requirements enumerated under recommendation 1. The written directive should be accompanied by continuous vehicle trip log forms and written vehicle authorization forms adopted for use by the agency concerned and the divisions or offices directly under the agency.</p>
<p>a) Implement the use of continuous vehicle trip log forms, which should be placed in every government vehicle (except vehicles assigned to and used by government officials; official government guests; emergency vehicles used by the Department of Public Safety, Civil Defense, Commonwealth Utilities Corporation, and law enforcement offices). The log forms should be maintained by vehicle operators to provide basic trip information such as date, time, places of travel, purpose of travel, beginning and ending mileage readings, total miles driven, the signature of the vehicle operator, and vehicle identification data. Monthly, the log forms should be reviewed and signed by a responsible official of each agency. The log forms should be properly filed by each agency in accordance with the policy of the CNMI government to retain records for</p>			<p>Governor's Office Office of the Spec. Asst. for Administration Emergency Management Office Dept. of Commerce Dept. of Community &amp; Cultural Affairs Dept. of Finance Dept. of Public Health Dept. of Public Safety Washington Representative's Office Senate House of Representatives Legislative Bureau CNMI Supreme Court CNMI Superior Court Rota Mayor's Office Northern Islands Mayor Saipan Municipal Council Tinian Municipal Council Rota Municipal Council</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>a minimum of three years.</p> <p>b) Ensure that when using government vehicles outside working hours, they are in possession of a written authorization signed by the official with expenditure authority that <i>clearly states</i> the reason why the vehicle is needed; the date, hours, and conditions when and how the vehicle may be used; and the person(s) authorized to use the vehicle outside regular government working hours. Written authorizations are not required for law enforcement vehicles and vehicles used by elected officials.</p> <p>c) Accept conditions in written authorization forms that they will be responsible for the safety of the government vehicles they are authorized to take home, for any liability or damage resulting from their negligence while the vehicles are under their care, and for any tax consequences resulting from the benefit of using government vehicles between their homes and places of employment.</p> <p>d) Conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.</p>	DLI	Resolved Active	<p>Board of Education (PSS) Board of Election Commonwealth Ports Authority Commonwealth Utilities Corp. No. Mariana Islands Retirement Fund No. Marianas College Tinian Casino Gaming Control Commission Library Council</p> <p>On May 28, 1998, OPA received a memorandum from the Acting Director of Labor on the use of government vehicle. However, OPA did not receive any document showing actions taken by other Divisions under the Department of Labor and Immigration.</p> <p><i>Further Action Needed</i></p> <p>DLI should provide OPA with a copy of directives issued by other divisions (i.e. Division of Immigration) requiring DLI personnel to comply with the use of vehicle authorization forms and written</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	OMB	Resolved Active	agreements, and to conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.
	MVB	Resolved Active	OMB should provide OPA with a copy of its directive requiring OMB personnel to comply with the use of vehicle authorization forms and written agreements, and to conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.
2. The Secretary of Finance should instruct the Director of Procurement and Supply to:	DOF	Open Active	To document its policy, MVB should provide OPA with a copy of its written directive requiring MVB personnel to comply with the use of vehicle log forms, vehicle authorization forms, and written agreements, and to conform to the standard vehicle specifications and features when purchasing or leasing vehicles.
a) Develop written procedures for marking of government vehicles (except law enforcement vehicles and vehicles used by elected officials). Among other things, the written procedures should specify 1) the period when markings should be made (e.g., within a specified time frame after vehicle has been delivered by vendor); 2) the information to be included in the markings, such as the agency name, and if the vehicle is government-owned, the property number as well; 3) the exact size of the markings that allows the markings to be visible and readable even when the vehicle is in motion; 4) the exact placement of the markings on the door; and 5) the material to be used for marking.	Proc. & Supply	Open Active	The Secretary of Finance should provide OPA with a copy of directive to Procurement and Supply requiring it to implement the requirements enumerated under recommendation 2.  Procurement and Supply should provide OPA with a copy of standard procedures that it will develop for marking of government vehicles, and a copy of updated government vehicle inventory listings.
(Note: The marking should show the			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>agency's full name and not just the acronym or the first letters of the agency's name. Use of full name instead of acronym readily identifies the agency accountable for the vehicle and prevents mistaking one agency for another that has the same acronym.)</p>			
<p>b) Maintain updated government vehicle inventory listings and conduct periodic inventories of all government vehicles on Saipan, Rota, and Tinian.</p>			
<p>c) Revise the standard vehicle specifications and features guidelines issued by the Procurement and Supply Division to emphasize that procurement of vehicles with factory-tinted windows is prohibited by statute. Reject purchase requisitions made by any government agency to procure vehicles that do not conform to the standard vehicle specifications and features guidelines.</p>			
<p>3. The Commissioner of Public Safety should issue a directive to:</p>	DPS	Open Active	<p>The Commissioner of Public Safety should provide OPA with a copy of directive to DPS personnel, Public Safety on Tinian, and Bureau of Motor Vehicles (BMV) requiring those concerned to implement the requirements enumerated under recommendation 3.</p>
<p>a) The appropriate DPS personnel to consider as violations of Public Law 9-37, Section 3(b)(2) those instances wherein government officials and employees are found operating government vehicles outside regular government working hours without written authorizations <i>that clearly state</i> the reason why the vehicles are needed; the date, hours, and conditions when and how the vehicles may be used; and the persons authorized to use the vehicles (except law enforcement vehicles and vehicles used by elected officials).</p>	BMV		<p>BMV should provide OPA with a copy of inspection procedures that it will develop to implement the requirements of 1 CMC §7406(h) and supplement the annual inspections conducted by private companies.</p>
<p>b) The head of Public Safety on Tinian to strictly enforce the registration of government vehicles on Tinian.</p>			
<p>c) The Bureau of Motor Vehicles (BMV) to establish inspection procedures that implement the requirements of 1 CMC</p>			



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>§7406(h) and supplement the annual inspections conducted by private companies. BMV should designate its own inspector who will inspect government vehicles on Saipan, Rota, and Tinian for compliance with marking and licensing requirements and the tinting prohibition prior to vehicle registration.</p>			
<p>4. The Mayors of Rota and Tinian should direct the Rota and Tinian liaison offices, respectively, to develop a standard policy and guidelines that will regulate the use of government vehicles assigned to the liaison offices. The policy and guidelines should be approved by each respective mayor. The policy should state, among other things, that any person who allows unauthorized passengers in government vehicles shall be personally liable for any damage or injury to persons or property, and that the CNMI government expressly refuses to accept any liability in such a situation. The guidelines should state specific instances when and which persons who are not government employees may be transported in government vehicles (e.g., Rota or Tinian residents sent to Saipan for medical referral, etc.), the liaison employees authorized to transport persons who are not government employees, the penalties for violation of the policy and guidelines, and other restrictions. Specific examples of unallowable uses, such as using the vehicles to go to beaches, video rental shops, amusement or gambling places, and other unreasonable uses, should also be included in the guidelines. The guidelines should also cite uses that may be reasonably authorized, such as using the vehicles to go to restaurants to eat meals, or to go to stores to buy groceries and other basic necessities, provided the vehicles are used by operators and passengers duly</p>	<p>Rota Mayor's Office</p>	<p>Open Active</p>	<p>The Mayor of Rota should provide OPA with standard policy and guidelines that should be developed and adopted by the liaison offices to regulate the use of government vehicles assigned to them.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
authorized by the liaison office.			

**5. Report No. AR-98-03 issued June 24, 1998  
Audit of CNMI Government  
Employees' Time and Attendance  
July 1995 to June 1997**

Date(s) of followup letter(s) sent : 7/16/98 (GOV), 7/16/98 9/9/98 (DLNR), 8/04/98 (PDO), 9/1/98 (TMO), 9/17/98 (DOF), 9/18/98 (DCCA) 9/21/98 (DPW) (SMO) (DOC) (CSC) (DPH) (NIMO) (RMO) (RMC) (SMC) (TMO) (SPRC) (SPMC) (NMC) (PSS), 9/22/98 (OMB)  
Date(s) of response letter(s) received : 7/15/98 (GOV), 7/10/98 7/24/98 (DLNR), 7/31/98 (PDO), 10/15/98 (TMO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. Take steps to reverse the administrative leave granted to P & S employees covering one-half-day for December 22, 1995.	DOF	Open Active	The Secretary of DOF stated that to address the OPA recommendations in the three audit memorandums issued to DOF, a DOF Time and Attendance Policy was issued. For Recommendation 5, the Secretary stated that the P&S Director would be asked to forward to OPA an amended STS showing reversal of the administrative leave.
6. Refrain from closing its office and granting administrative leave for those occasions not provided in the personnel regulations, such as Christmas/New Year party.	DOF	Open Active	<b>Further Actions Needed</b>  Recommendation 5 - The P&S Director should provide OPA a copy of the amended STS.  Recommendation 6 - The Secretary of DOF should provide OPA a policy which is geared toward addressing this issue.
32. Take steps to charge appropriate leave for the employees' unworked hours.	DCCA- CAO	Open Active	The CAO Executive Assistant concurred with all the recommendations. He stated that CAO is implementing the sign-in-and-out sheet and has purchased a timeclock.
33. Develop and implement written policies and procedures in the use of the flexible time system, if CAO decides to continue its use.	DCCA- CAO	Open Active	<b>Further Actions Needed</b>  Recommendation 32 - The CAO Executive should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.
34. Establish procedures for documenting the calls of employees reporting leave.	DCCA- CAO	Open Active	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
35. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DCCA- CAO	Open Active	<p>Recommendation 33 - The CAO Executive should provide OPA a copy of the developed written polices and procedures in the use of the flexible time system.</p> <p>Recommendation 34 - The CAO Executive should provide OPA a copy of the developed written policies and procedures.</p> <p>Recommendation 35 - The CAO Executive should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.</p>
36. Take steps to reverse the administrative leave granted to DCCA employees covering half-day for December 29, 1995.	DCCA	Open Active	<p>The Secretary of DCCA concurred with Recommendations 37 to 39, and stated that these recommendations would be complied with. With regard to Recommendation 36, he stated that since it was the Executive Branch which gave authority to the Secretary of DCCA to grant administrative leave, it would have to be the Executive Branch's decision to reverse that leave.</p>
38. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	DCCA	Resolved Active	<p><i>Further Actions Needed</i></p> <p>Recommendation 36 - The Secretary of DCCA should provide OPA a copy of the documented reversal of the administrative leave such as a memorandum, application for leave and STS.</p>
39. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DCCA	Resolved Active	<p>Recommendations 38 and 39 - The Secretary of DCCA should provide OPA a copy of the written instruction to the employees.</p>
40. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	PDO	Open Active	<p>The Acting Public Defender in his memorandum to the Director of Personnel dated July 22, 1998 requested that OPM promulgate specific guidelines on timing in and timing out. The Acting Public Defender stated that he believes that there are no Commonwealth statutes or regulation that require excepted service employees to time in and out on Daily Time and Attendance Reports (DTAR). He further stated that the matter of timing in and timing out for excepted service employees is a matter that should be left to</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>the discretion of each department head.</p> <p>On August 4, 1998, OPA sent a letter to the Director of Personnel to comment on PDO's 7/22/98 memorandum. OPA disagreed with the Public Defender's instruction to exempt excepted service employees from timing in and out on DTAR.</p> <p><i>Further Action Needed</i></p> <p>Recommendation 40 - PDO should reconsider and implement the recommendation by providing OPA a copy of the developed written policies and procedures to document the accounting for the attorneys' time.</p>
42. Issue a memorandum requiring all employees to use the time clock for their daily time-in-and-out and to maintain a document, such as a log sheet, which can monitor daily time and attendance.	DOC	Open Active	<p>The Secretary of DOC disagreed with Recommendation 42 and stated that he planned to continue exercising his discretion to exempt any employee he chose from the official timekeeping method and require alternative method such as log sheets (listing the sum total of the hours worked on any given day). Regarding Recommendation 43, he stated that the employees' supervisors would be instructed to continue ensuring the submission of accurate timekeeping records. For Recommendation 44, he stated that a mandatory Sign-out Sheet for all employees not on the clock and leaving the premises would be initiated. The Secretary further stated that there was no absolute rule or regulation in the CNMI government requiring use of time clocks, see PSSRR.</p>
43. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DOC	Open Active	
44. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DOC	Open Active	<p><i>Further Actions Needed</i></p> <p>Recommendation 42 and 43 - The Secretary of DOC should provide OPA a copy of the written instruction to the employees.</p> <p>Recommendation 44 - The Secretary of DOC should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
45. Take steps to charge appropriate leave for the employees' unworked hours.	OMB	Resolved Active	No response was received from the former Special Assistant for Management and Budget. The new Acting Special Assistant responded to the draft audit report; she concurred with the recommendations, and provided OPA copies of the related time and attendance policies which addressed the recommendations.
48. Take action to reverse the timekeeper's compassionate leave and charge him with annual leave.	OMB	Resolved Active	No response was received from the former Special Assistant for Management and Budget. The new Acting Special Assistant responded to the draft audit report; she concurred with the recommendations, and provided OPA copies of the related time and attendance policies which addressed the recommendations.
50. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	OMB	Resolved Active	<p><i>Further Actions Needed</i></p> <p>Recommendations 45 and 48 - The Special Assistant for Management and Budget should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.</p> <p>Recommendation 50 - The Special Assistant for Management and Budget should provide OPA a copy of the written instruction to the employees.</p>
56. Stop allowing employees to work at home and manually write "8" hours in each day.	DPH	Open Active	<p>No response was received.</p> <p><i>Further Actions Needed</i></p>
57. Require all employees to time-out during lunch break.	DPH	Open Active	Recommendations 56, 57 and 58 - The Secretary of DPH should provide OPA copies of the written instructions to the employees.
58. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DPH	Open Active	Recommendation 59 - The Secretary of DPH should provide OPA a copy of the developed written policies and procedures.
59. Establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DPH	Open Active	Recommendation 60 - The Secretary of DPH should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
60. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DPH	Open Active	
61. Adjust the leave charges of the four employees.	DPW	Open Active	<p>No response was received.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of DPW should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.</p>
62. Instruct the DPW timekeeper to ensure that the time charges of DPW employees are correctly summarized in the STS. Likewise, all supervisors should be instructed to ensure that employees who are absent from work are properly charged appropriate leave for the hours not worked. Supervisors should stop the practice of granting regular hours for the time not worked by employees. Appropriate disciplinary action should be initiated for supervisors who continue to grant regular hours for employees' absences.	DPW	Open Active	<p>No response was received.</p> <p><i>Further Actions Needed</i></p> <p>Recommendation 62 and 63 - The Secretary of DPW should provide OPA copies of the written instructions to the timekeeper and supervisors.</p> <p>Recommendation 65 and 66- The Secretary of DPW should provide OPA a copy of the written instruction to the employees.</p> <p>Recommendation 64 - The Secretary of DPW should provide OPA copies of application for leave and STS evidencing that the employee was charged leave, and written instruction to the employees.</p>
63. Require that in-house comptime records be regularly updated.	DPW	Open Active	<p>Recommendation 67 and 68 - The Secretary of DPW should provide OPA copies of the developed written policies and procedures.</p>
64. Apply appropriate adverse action to the employee for her habitual tardiness. The DPW Secretary should require that employees be charged as AWOL when the employee fails to call the office before a designated time, perhaps 8:00 a.m., to obtain prior approval except in bona fide emergencies.	DPW	Open Active	
65. Require all employees to punch a time clock or maintain a document which can monitor daily time and attendance.	DPW	Open Active	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
66. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DPW	Open Active	
67. Establish procedures for documenting the calls of employees reporting leave.	DPW	Open Active	
68. Establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DPW	Open Active	
70. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	NIMO	Open Active	<p>The Mayor stated that NIMO is currently reviewing the feasibility of using the recommended format for monitoring staff members' activities and whereabouts for the hourly employees. He stated that for professional employees, strict adherence to accountability on an hour-to-hour basis is not recommended as professional employees are expected to work in excess of eight hours per day and often are required to work on weekends and evenings without additional compensation.</p> <p><i>Further Actions Needed</i></p> <p>The Mayor should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.</p>
71. Issue a memorandum to the two employees requiring them to time-in-and-out on the DTA sheet.	RMO	Resolved Active	<p>No response was received from the Chief Administrative Officer. The new Mayor of Rota responded to the draft audit report and concurred with the recommendations. He stated that problems noted in the previous Mayor's Office with regards to time and attendance will not be repeated under his administration.</p>
73. Discuss with the head of other agencies the possibility of permanent transfer for 40 temporarily assigned employees while reviewing the Mayor's Office staffing requirements and requesting only the number of FTEs actually needed by the office.	RMO	Open Active	<p><i>Further Actions Needed</i></p> <p>Recommendation 71 - The Mayor should provide OPA a copy of the written instruction to employees.</p> <p>Recommendation 73 - The Mayor should provide OPA the result of the discussions</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			with the head of other agencies.
74. Take appropriate disciplinary actions against the three employees who were AWOL.	RMC	Open Active	<p>The Chief of Staff stated that the results of the audit were correct, and that the findings noted were inherent and did not develop during his tenure as the chief. He stated that he had imposed strict administrative policies against abusing government hours and on several occasions charged AWOL to those employees who did not report to work. He said, however, that unfortunately he lacked the time to completely rectify the problems because he resigned effective November 11, 1995. He stated that he had spoken with the incoming Chief of Staff and discussed several recommendations, including OPA recommendations.</p> <p><i>Further Actions Needed</i></p> <p>Recommendation 74 - The Chief of Staff should provide OPA a copy of memorandum taking appropriate disciplinary actions against the three employees who were AWOL.</p>
75. Adjust the leave charges of the three employees by charging each of them as AWOL and crediting each of them regular hours or annual/sick leave.	RMC	Open Active	<p>Recommendation 75 - The Chief of Staff should provide OPA copies of the application for leave and STS evidencing that the employees were charged leave.</p>
76. Issue a memorandum requiring all employees to personally record their actual time-in-and-out in the daily time and attendance sheet.	RMC	Open Active	<p>Recommendation 76 and 78 - The Chief of Staff should provide OPA a copy of written instruction to the employees.</p>
77. Establish procedures for documenting the calls of employees reporting leave.	RMC	Open Active	<p>Recommendation 77 - The Chief of Staff should provide OPA a copy of the developed written policies and procedures.</p>
78. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.	RMC	Open Active	<p>Recommendation 79 - The Chief of Staff should provide OPA a copy of the result of the discussions with the head of other agencies.</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
79. Discuss with the head of other agencies the possibility of permanent transfer for 7 temporarily assigned employees, review its staffing requirements, and request only the number of FTEs actually needed by the office.	RMC	Open Active	
80. Take appropriate disciplinary action against the timekeeper.	SMC	Open Active	No response was received.
81. Discontinue the practice of not charging the appropriate type of leave for any time-off that reduces a work day to less than eight hours.	SMC	Open Active	<i>Further Actions Needed</i> Recommendation 80 - The SMC Executive Director should provide OPA a copy of memorandum taking appropriate disciplinary action against the timekeeper.
82. Adjust the leave charges of the two employees in question.	SMC	Open Active	Recommendation 81 and 83 - The SMC Executive Director should provide OPA a copy of written instruction to the timekeeper.
83. Require the timekeeper to ensure that time cards are available at the start of each pay period.	SMC	Open Active	Recommendation 82 - The SMC Executive Director should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.
84. Require the Administrative Officer or designee to exercise due care in the review of STS.	SMO	Open Active	The new Mayor of Saipan responded to the draft audit report and concurred with the recommendations. He stated that since he took office, the Mayor's Office had implemented steps necessary to monitor employees' time and attendance more closely. SMO is charging employee leave for tardiness if the employee does not work 40 hours per week and making sure that all employees' leave are properly charged. With regards to adjusting the leave charges of the three employees in question, only Employee no. 74708 remains working at SMO, and therefore only that employee's time charges would be adjusted. With regards to Recommendation 87, the Mayor stated that the person responsible is no longer working at SMO.
86. Adjust the leave charges of the three employees.	SMO	Open Active	
87. Investigate the person responsible for filling out the mechanic's time card and impose appropriate disciplinary action. Any action taken in this regard should be written and documented.	SMO	Open Active	<i>Further Actions Needed</i> Recommendation 84 - The Mayor of Saipan should provide OPA a copy of the written instruction to the Administrative Officer or designee.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
88. Take appropriate disciplinary actions against the four employees who were AWOL.	TMO	Resolved Active	<p>Recommendation 86 - The Mayor of Saipan should provide OPA copies of the application for leave and STS evidencing that the employees were appropriately charged leave.</p> <p>Recommendation 87 - the Mayor of Saipan should provide OPA a copy of the documentation of the violation committed by the employee.</p> <p>On October 1, 1998, the Mayor of Tinian responded that the timekeeper responsible will be disciplined by requiring him to pay back 24 regular hours charged to the three former Park Rangers except that the amount owed will have to be established because of differences in pay scale of the timekeeper and the three former employees.</p>
89. Adjust the leave charges of the four employees by charging each of them as AWOL and crediting each of them regular hours.	TMO	Resolved Active	<p>In OPA's October 15, 1998 response, recommendation numbers 88 and 89 remain resolved until receipt of documents showing that the total of 24 regular hours was adjusted as payroll deduction. However, OPA mentioned that the audit showed that there were four employees who were on AWOL. The response only mentioned action to be taken on three of the four employees. The action taken to the other one employee was not mentioned in the response.</p> <p><i>Further Actions Needed</i></p> <p>Recommendation 88 and 89 - The Mayor of Tinian should provide OPA a copy of documents showing that the total of 24 regular hours was deducted from the timekeeper. Also, action taken on the other one employee which was not mentioned in the response should be provided.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>94. Discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed.</p>	SPRC	Open Active	<p>No response was received.</p> <p><i>Further Actions Needed</i></p> <p>Recommendations 94 and 95- The Presiding Judge should provide OPA copies of the directives addressing the issues.</p>
<p>95. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.</p>	SPRC	Open Active	
<p>96. Discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed by reading a note on the door.</p>	SPMC	Open Active	<p>No response was received.</p> <p><i>Further Actions Needed</i></p> <p>Recommendations 96 and 97 - The Chief Justice should provide OPA copies of the directives addressing the issues.</p>
<p>97. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.</p>	SPMC	Open Active	
<p>104. Require all timekeepers to control in-house comptime records of employees.</p>	NMC	Resolved Active	<p>In the initial response of the NMC President, she generally concurred with the recommendations except for Recommendation 108, and did not address Recommendation 107. In her subsequent response to the draft audit report, she addressed Recommendation 107 and expressed concurrence. However, she still expressed disagreement with Recommendation 108. In the initial response, the NMC President stated that faculty employees have responsibilities, both in and out of the classroom, which</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>more than match the equivalent of 80 hours every pay period. NMC has charged non-faculty employees to fulfill 80 hours of work each pay period. In her subsequent response, the NMC President explained that the College does not intend to use time clocks because it is an educational institution and not a factory. She also stated that "activities such as planning/preparing for classes or correcting student papers - both of which can be done at home - or conducting laboratories, or advising and counseling students, or attending faculty and committee meetings, or a myriad of other normal NMC duties performed by faculty and other professional employees of NMC militate against the suggestion that they be required to punch a time clock".</p>
105. Require both the Department Head and the timekeeper to initial any alteration in the STS.	NMC	Resolved Active	<p><i>Further Actions Needed</i></p> <p>Recommendation 104, 105, and 108 - The NMC President should provide OPA copies of the written instructions to the timekeepers, Department Heads, and employees.</p>
107. Initiate the update of the NMC Personnel Regulations using the CSC's guidelines for granting administrative leave.	NMC	Open Active	<p>Recommendation 107 - The NMC President should provide OPA a copy of the updated NMC Personnel Regulations.</p>
108. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	NMC	Open Active	
114. Require all employees to consistently punch the time clock	PSS	Open Active	<p>No response was received.</p> <p><i>Further Actions Needed</i></p>
115. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable or when the employee is assigned to a location where no time clock is available), which should be justified and approved by the division manager.	PSS	Open Active	<p>Recommendations 114, 115 and 116 - The PSS Commissioner should provide OPA a copy of the written instruction to the employees.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
116. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in the Log-In-and-Out Sheets.	PSS	Open Active	

This page was intentionally left blank.

# **Autonomous Agencies**

---

**Commonwealth Development Authority  
Commonwealth Ports Authority  
Commonwealth Utilities Corporation  
Northern Marianas College  
Public School System  
Tinian Casino Gaming Control Commission**

# Commonwealth Development Authority

**I. Commonwealth Development Authority  
Independent Auditor's Report on the Internal Control Structure and Compliance  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1997**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CDA should comply with CNMI civil service regulations for its non-professional staff.	CDA	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA a copy of personnel action showing changes made on the salaries of several CDA civil service employees.
2. CDA should ensure that follow-up procedures on past due loans are adhered to and renegotiations are performed on those loans where lenders are having difficulty making scheduled repayments.	CDA	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA actions taken to follow up on and renegotiate past due loans.
3. CDA should review instances of noncompliance with provisions of the manual and determine if corrective action is necessary.	CDA	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA results of review of noncompliance with the provisions of the manual and the corrective actions taken.
4. NMHC should reconcile all subsidiary ledger balances to the general ledger to assure that all transactions are properly recorded.	NMHC	Open Active	Provide OPA reconciliation of subsidiary ledger balances to the general ledger.
5. CDA should implement year end cut off procedures to assure the accuracy of general ledger balances.	CDA	Open Active	Provide OPA copy of year end cut-off procedures.
6. NMHC should implement a procedure to review future receipts from other governmental organizations for proper classification to assure the accuracy of contributed capital at year end.	CDA	Open Active	Provide OPA copy of procedures done for proper accounting and to reclassify funds back into capital contribution as stated in auditee response.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. CDA should take necessary action to collect all payments due from CUC.	CDA	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA actions taken to collect all payments due from CUC.
8. NMHC should prepare revised HUD-52681 reports for fiscal year 1997 using the correct information and file those reports with the grantor agency.	NMHC	Open Active	Provide OPA a copy of the revised HUD-52681 reports for fiscal year 1997.
9. NMHC should perform additional reviews of income calculations to assure that all successful applicants fall within their prescribed eligibility guidelines.	NMHC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA procedures adopted to ensure eligibility of applicants.
10. CDA should ensure that all official documents are appropriately signed by NMHC representatives.	NMHC	Open Active	Provide OPA with procedures adopted to ensure that all official documents are appropriately signed.
11. NMHC should investigate the procedures employed by local banks in verifying account balances to ensure that all applicant accounts are properly reported.	NMHC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with actions taken to investigate procedures employed by local banks in verifying account balances.
12. CDA should ensure that copies of social security cards for all household members are retained in the tenant files.	CDA	Open Active	Provide OPA with procedures adopted to complete files of copies of social security cards.
13. CDA should document the exact nature of transactions including all terms and conditions attached to the grant funding as per original grant agreement between CDA and the US Department of Interior.	CDA	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with documentation of transaction of CDA in relation to the grant agreement between CDA and the US Department of Interior.
14. CDA should put in place a system to assure adherence to OMB Circular A-128. CDA should begin inquiry of subrecipients as to status of availability of audit reports.	CDA	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA actions taken to assure adherence to OMB Circular A-128.

# Commonwealth Ports Authority

**I. Report No. AR-95-II issued August 1, 1995  
Audit of Credit Card and Related Travel Transactions**

Date(s) of followup letter(s) sent : 11/21/95, 3/7/96, 12/5/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98  
Date(s) of response letter(s) received : 12/6/95, 3/15/96, 3/27/96, 4/4/97 (AGO), 4/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CPA Board Chairman should require cardholders to reimburse CPA for all unallowable and unsupported credit card charges unless they can specifically identify the charges with CPA official business and present supporting documents.	CPA	Resolved Delinquent	In his previous response, the Board Chairman stated that the findings were already being pursued by the Attorney General's Office. In his letter dated 12/24/96, the Board Chairman enclosed a copy of the Executive Director's letter dated 12/24/96 to the Attorney General requesting an update on the status of the cases referred by CPA.  <i>Further Action Needed</i>  CPA should keep OPA updated on the status of the actions taken by the AG's Office every sixty days.
2. The CPA Board Chairman should recover the improper charges (for hotel accommodations and meals which were already covered by per diem allowances) from cardholders.	CPA	Resolved Delinquent	In his previous response, the Board Chairman stated that the findings were already being pursued by the Attorney General's Office. In his letter dated 12/24/96, the Board Chairman enclosed a copy of the Executive Director's letter dated 12/24/96 to the Attorney General requesting an update on the status of the cases referred by CPA.  <i>Further Action Needed</i>  CPA should keep OPA updated on the status of the actions taken by the AG's Office every sixty days.
3. The CPA Board Chairman should require reimbursement (of official representation and entertainment expenses) from cardholders unless they can specifically identify the charges	CPA	Resolved Delinquent	In his latest response, the Board Chairman stated that the findings were already being pursued by the Office of the Attorney General.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
with CPA official business.			<p><i>Further Action Needed</i></p> <p>CPA should keep OPA updated on the results of the actions taken by the AG's Office.</p>
<p>4. The CPA Board Chairman should develop and implement written policies for official representation expenses that clearly indicate the circumstances where it is allowed and the manner how it should be documented. Also, consider preparing forms for documenting representation expenses, and establishing guidelines that limits representation expenses to a moderate amount and that require travelers to pay for their share of representation expenses covered by per diem, such as meals.</p>	CPA	Resolved Delinquent	<p>CPA adopted official representation policies and procedures on November 17, 1995. Proposed amendments to categorize individuals that may be entertained were also recommended by the Executive Director in his memorandum dated 3/15/96 to the Board Chairman.</p> <p><i>Further Action Needed</i></p> <p>Our review of the official representation policies and procedures adopted by CPA and the proposed amendments showed that additional improvements are still needed. As previously commented, CPA should consider amending the policies and procedures to include the following matters:</p> <ol style="list-style-type: none"> <li>a. Official representation expenses should be clearly defined and specific examples should be illustrated.</li> <li>b. Specific categories of persons that may be entertained (e.g. visiting dignitaries or officials of foreign governments) and the circumstances when they can be entertained should be included. Government officials and employees should <i>generally be excluded</i>, and consultants and contractors should <i>always be excluded</i> from categories of persons that can be entertained.</li> <li>c. All CPA officials, except perhaps the Chairman of the Board and the Executive Director, should be required to obtain prior approval before incurring official representation expenses. No other exceptions should be allowed. Even the Chairman and Executive Director, however, should file a statement of persons and purpose of entertainment in advance.</li> </ol>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

d. Under 1 CMC Sec. 8247 (c), board members need to obtain the specific approval of the Board for extraordinary expenses, such as official representation. The Board Chairman or a special committee for such purpose should be designated to approve extraordinary expenses of board members. Hence, board members cannot be pre-approved and authorized to incur official representation expenses without proper approval.

**2. Report No. AR-95-17 issued October 2, 1995  
Audit of Board-Related Transactions and Purchase of Vehicles  
for the Department of Public Works**

Date(s) of followup letter(s) sent : 11/20/95, 3/7/96, 12/5/96, 2/02/98, 9/18/98  
Date(s) of response letter(s) received : 3/27/96, 12/24/96

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

2. The CPA Board Chairman should recover the \$42,191 improper reimbursements from the board members unless they can specifically identify the expenses as CPA official business and/or present supporting documents.	CPA	Resolved Delinquent	In his letter response dated 3/27/96, the Board Chairman stated that out of the \$42,191 improper reimbursements, \$2,060 has been repaid (\$808.60 was offset against travel receivables and \$1,251.60 was directly paid to CPA). No updated response was made concerning the remaining balance of \$40,131 collectible from the former board chairman).
---	-----	------------------------	--

**Further Action Needed**

CPA should provide evidence of collections from the former board chairman or that appropriate legal actions have been taken to enforce collections.

3. The CPA Board Chairman should establish written procedures for board expense reimbursement that will ensure compliance with the requirements of the law (1 CMC, §8247 (c)).	CPA	Resolved Delinquent	CPA initially responded that internal control procedures will be implemented to address the recommendation. In his latest letter response dated 3/27/96, however, the Board Chairman stated that current travel policies and procedures should be adequate to account for board-related travel
--	-----	------------------------	--

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. The CPA Board Chairman should establish written policies and procedures to prevent financial interest violations in the future.</p>	CPA	Resolved Delinquent	<p>reimbursements.</p> <p><i>Further Action Needed</i></p> <p>The law provides that a board member may receive reimbursement for "extraordinary" expenses incurred during the performance of his duties <i>upon submission of receipts</i> or other proof of expenses and <i>upon specific approval</i> of the board.</p> <p>Our findings showed that improper reimbursements were made by CPA board members without any documentation showing that the expenses were board-related and without specific board approval. <i>Several of these expenses were not travel-related.</i> Consequently, there is a need to establish separate policies and procedures for board expense reimbursement. These should include requiring board approval (e.g. through a board committee established for such purpose) before reimbursements are made, completion of a board reimbursement form (or any appropriate documentation) to document the nature and purpose of the expenses, and providing a definition for allowable "extraordinary expenses."</p> <p>CPA should adopt official policies and procedures on board expense reimbursements.</p> <p>In his letter response dated 3/27/96, the Board Chairman responded that the CPA Legal Counsel has been instructed to draft policies and procedures to prevent financial interest violations by board members and CPA employees. A copy of the letter to the Legal Counsel dated 3/15/96 was provided to us.</p> <p><i>Further Action Needed</i></p> <p>CPA provide OPA the target date for completion of the draft policies and procedures. Upon completion, CPA should provide a copy of the draft to OPA.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. The CPA Board Chairman should decide whether DPW should be requested to reimburse CPA for the purchase of the trucks and document such arrangements through mutual agreement.	CPA	Resolved Delinquent	In his letter dated 12/24/96, the Executive Director stated that DPW has agreed to resolve the issue of repayment for the trucks, through in-kind heavy equipment services to CPA. This agreement will be formalized in a memorandum of understanding in the very near future.  <i>Further Action Needed</i>  CPA should update OPA on the status of this recommendation.
6. The CPA Board Chairman should take actions to recover the cost of the trucks from the former CPA officials for violating CPA procurement regulations.	CPA	Resolved Delinquent	CPA responded that the former officials will be notified to share in the cost of the vehicles.  <i>Further Action Needed</i>  CPA should update OPA on the status of this recommendation.

**3. Report No. AR-96-07 issued August 1, 1996  
Audit of Permits, Leases and Concession Agreements**

Date(s) of followup letter(s) sent : 12/5/96, 2/02/98, 9/18/98, 9/28/98  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The CPA Board Chairman should instruct the Executive Director to establish adequate procedures to monitor and control CPA properties, such as requiring the Lease Compliance and Enforcement Officer to conduct regular visual inspections and to report nonport-connected activities and illegal encroachments of CPA properties by unauthorized individuals.	CPA	Resolved Delinquent	CPA published in the September 15, 1998 Commonwealth Register its proposed rules and regulations governing temporary land use permits (proposed regulations). OPA reviewed the proposed regulations to determine whether they addressed the ten outstanding recommendations included in this audit.  On September 28, 1998, OPA informed CPA that the proposed regulations sufficiently addressed four of the ten outstanding recommendations and were considered closed. The remaining six recommendations were considered

- |  |            |                                |   |
|--|------------|--------------------------------|---|
| <p>3. The CPA Board Chairman should create a special committee to study and evaluate whether the issuance of short-term permits for the use of idle properties for nonport-connected purposes will benefit CPA and the general public. If so, CPA should draft the necessary legislation and seek the assistance of the Legislature to amend the existing law.</p>   | <p>CPA</p> | <p>Resolved<br/>Delinquent</p> | <p>resolved. However, if the proposed changes stated in the audit recommendations are also considered in the proposed regulations and then formally adopted, the recommendations will be closed.</p>  |
| <p><i>Further Actions Needed</i></p>   |            |                                |   |
| <p>4. The CPA Board Chairman should stop the adoption of proposed policies which will allow the use of CPA properties for purposes unconnected with port operations, such as the proposed "Land Use Policy" currently undergoing review by the CPA Board. Such policies, if adopted, will be in violation of the law. Should the law be amended in the future, CPA should establish written policies and procedures to ensure competition and maximize revenues, such as public announcement of the availability of idle land for short-term leases, and compliance with competitive bidding procedures.</p> | <p>CPA</p> | <p>Resolved<br/>Delinquent</p> | <p>Recommendations 2, 3, 4, 6, and 7 - CPA should formally adopt the proposed changes stated in the audit recommendations in the Commonwealth Register.</p> <p>Recommendation 8 - Provide written description of procedures and copies of sample documents and reports generated by the system.</p> |
| <p>6. The CPA Board Chairman should invalidate all outstanding permits and leases to current and former board members, officials, and their relatives. These transactions may be terminated as provided under the Government Ethics Code Act of 1992 and the CPA Procurement Regulations.</p>  | <p>CPA</p> | <p>Resolved<br/>Delinquent</p> |   |
| <p>7. The CPA Board Chairman should establish written operating policies and procedures to ensure compliance of lessees with the terms and conditions of their leases and concession agreements. Lease operating policies and procedures should include verification of gross earnings of lessees, designation of responsible official(s), and regular reporting to management.</p>  | <p>CPA</p> | <p>Resolved<br/>Delinquent</p> |   |

- 8. The CPA Board Chairman should instruct the Comptroller to design and implement a billing and accounting system that can readily provide information on rental payments and outstanding rentals owed by lessees. The system should include features such as notification to delinquent lessees and analysis of discrepancies in monthly rental collections. CPA Resolved  
Delinquent

**4. Commonwealth Ports Authority  
Independent Auditor's Report on Internal Control and on Compliance  
In Accordance with Government Auditing Standards  
Year Ended September 30, 1997**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CPA should ensure that journal entries should be posted to accrue for all amounts outstanding, but not yet recorded, at the balance sheet date.	CPA	Open Active	Provide OPA audit adjustments made for unrecorded transactions .
2. CPA should ensure that all additions to fixed asset should be recorded in the period incurred.	CPA	Open Active	Provide OPA documents showing correct recording of the fixed asset additions.

**5. Report No. LT-98-03 issued February 17, 1998  
Audit of and Investigation of Misuse of Government Vehicle**

Date(s) of followup letter(s) sent : 9/18/98  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. Recover from the former CPA Deputy Director \$3,275 equivalent lease cost of the black Toyota Camry during the period of misuse.	CPA	Open Active	The CPA Executive Director should provide OPA documents on the result of the review and final decision made by the CPA Board. The CPA Executive Director should provide OPA documents on The outcome of the recovery action.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. Order the former CPA Deputy Director to repay \$3,870 cost of salary he received from the government for the hours he was doing personal business.	CPA	Open Active	The CPA Executive Director should provide OPA documents on the result of the review and final decision made by the CPA Board. The CPA Executive Director should provide OPA documents on The outcome of the recovery action.
4. Recover from the former CPA Deputy Director a reasonable amount for the cost of fuel and maintenance of the white Toyota Camry.	CPA	Open Active	The CPA Executive Director should provide OPA documents on the result of the review and final decision made by the CPA Board. The CPA Executive Director should provide OPA documents on the outcome of the recovery action.

**6. Report No. LT-98-12 issued September 24, 1998  
Audit of Salary Increases Granted to CPA-Rota Employees**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CPA Executive Director submit evidence (such as a board resolution) showing the changes in the CPA Employee Classification, and specifically showing that separate compensation plans for Rota and Tinian were eliminated and only a single plan is being used for all CPA employees or, if separate classification/compensation plans are still in effect, ensure that adopting different classification/compensation plans is properly justified. And in either case, ensure the fair application of the compensation plan.	CPA	Resolved Active	The Director stated that the compensation plan will be reviewed extensively and revised to fit the need of CPA in Rota and Tinian. According to him, this review will address the disparities in pay scale with the Saipan compensation plan which may result in adopting the same pay scale and/or, in certain positions, combining two positions into one i.e., ARFF/Police I, for efficiency. The Director assured that, in this review, a fair application of the compensation plan will be made. He said that the final recommendations will be submitted to the Board for approval before January, 1999.

**Further Action Needed**

The Director should provide OPA an update as to the progress of the review every 60 days until final revisions to the compensation plan has been approved by the Board. A copy of the revised compensation plan should be submitted to OPA upon approval by the Board.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. The CPA Executive Director request the CPA Comptroller or Personnel officer to review the CPA Compensation Plan to ensure that all existing positions of CPA employees are included in the classification.</p>	CPA	Resolved Active	<p>The Director stated that the CPA compensation plan is currently being reviewed by the Comptroller, Office Manager and the Ports Manager who will submit the proposed changes to the Executive Director and the Personnel Affairs Committee. The Personnel Affairs Committee shall then submit the final recommendations to the Board before January, 1999. According to the Director, the review will also ensure that all positions are included in the compensation plan.</p> <p><i>Further Action Needed</i></p> <p>The Director should provide OPA an update as to the progress of the review every 60 days until final revisions to the compensation plan has been approved by the Board.</p>
<p>3. The CPA Executive Director direct the CPA Comptroller to resolve the discrepancies in pay levels of Rota employees.</p>	CPA	Resolved Active	<p>The Director responded that this has already been implemented since December 12, 1997, and the pay levels (apparently referring to Rota employees) are now in conformity with their respective title and pay scale.</p> <p><i>Further Action Needed</i></p> <p>The Director submit to OPA evidence of the review made to resolve the discrepancies in pay levels of Rota employees. In addition, the Director should also submit a summary listing of those employees affected by this change, which should include the employee position title, and pay levels before and after the said correction took effect.</p>
<p>4. The CPA Executive Director reclassify the two Rota employees to positions commensurate with their qualifications.</p>	CPA	Open Active	<p>The Director disagreed with the recommendation. He explained that because the majority of applicants and new hires are high school graduates only, and do not possess the qualifications as prescribed under pay level 22/1, CPA will instead revise the job description for this pay scale to read "minimum requirement is high school graduate." At present, the minimum requirements for an Airport Police Officer position, which falls under pay level 22/1, is an AA degree with CPR certificate.</p>

**Recommendation**

**Agency  
to Act**

**Status**

**Agency Response/  
Additional Information or  
Action Required**

*Further Action Needed*

Since this action is under the jurisdiction of the Board of CPA, the Director should submit to OPA a copy of the Board approval of this plan to revise the job description for pay level 22/1.

# Commonwealth Utilities Corporation

## 1. Report No. AR-95-07 issued May 15, 1995 Audit of Compensatory Time Compensation

Date(s) of followup letter(s) sent : 7/3/95, 9/20/95, 11/29/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98  
 Date(s) of response letter(s) received : 8/25/95, 10/3/95, 2/8/96, 12/27/96, 4/4/97 (AGO), 4/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CUC Executive Director should take action to recover the \$244,740.83 improperly paid to the former Executive Director relating to compensatory time payments and standby payments.	CUC	Resolved Delinquent	On April 20, 1998, the AGO responded that the matter is still being investigated by the Civil Division.  On June 9, 1998, OPA in its follow-up letter requested AGO to specify the status of the investigation and refer the matter back to OPA for additional investigation.
3. The CUC Executive Director should recover \$13,142.39 (net of \$21,000 received) mistakenly paid as a retirement bonus to the former Executive Director and reverse the approximately 4,500 hours improperly credited for retirement purposes.	CUC	Resolved Delinquent	<b>Further Action Needed</b>  The AGO should provide OPA with status of the investigation.

## 2. Report No. AR-95-12 issued August 16, 1995 Audit of Advances to the Former Executive Director

Date(s) of followup letter(s) sent : 12/3/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98  
 Date(s) of response letter(s) received : 4/4/97 (AGO), 4/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CUC Executive Director should require the Comptroller to establish procedures to ensure that advances to employees are monitored, and collection actions are initiated on all advances that remain unliquidated beyond the period allowed by law.	CUC	Open Delinquent	The Operating Manual prepared by CUC did not contain procedures for the monitoring of advances of employees.  <b>Further Action Needed</b>  CUC should establish procedures relating to the monitoring of advances to employees and provide copy of the procedures to OPA.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The CUC Executive Director should require the Comptroller to record the \$5,300 advance as a receivable and require the former Executive Director to return the amount.	CUC	Resolved Delinquent	<p>On April 20, 1998, the AGO responded that the matter is still being investigated by the Civil Division.</p> <p>On June 9, 1998, OPA in its follow-up letter requested AGO to specify the status of the investigation and refer the matter back to OPA for additional investigation.</p> <p><i>Further Action Needed</i></p> <p>The AGO should provide OPA with status of the investigation for OPA's review and evaluation.</p>
3. The CUC Executive Director should require the former Executive Director to return \$7,333 for the expenses paid twice and in error. For the hotel expenses of other travelers paid by the former Executive Director, recover the \$8,526 from the other travelers because they received per diem for paying the hotel, but kept the money instead.	CUC	Resolved Delinquent	<p>The Executive Director responded that CUC will refer the matter affecting the former Executive Director to the Attorney General's Office and that CUC will require identified employees to return the \$8,526.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the letter referring the matter to the Attorney General and the results of actions taken. In addition, CUC should also provide OPA with the collection letters and the results of such collections made from the identified employees.</p>
5. The CUC Executive Director should require the former Executive Director to justify and present supporting documents for the \$23,368 in questioned expenses. If no documentation can be presented, require the former Executive Director to return the amount.	CUC	Resolved Delinquent	<p>The Executive Director responded that CUC will refer the matter to the Attorney General's Office to pursue as part of its ongoing investigation.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the letter referring the matter to the Attorney General and the results of actions taken.</p>
6. The CUC Executive Director should establish and implement written policies and procedures regulating official representation, entertainment, and other expenses of similar nature. The policy should clearly indicate the officials authorized to incur such expenses, the circumstances when such expenses may	CUC	Resolved Delinquent	<p>The Executive Director responded that CUC will implement specific policies regulating official representation and business entertainment expenses.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the policies and procedures.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>be incurred, dollar limits on the amount that may be spent, and the places where such entertainment may be conducted. The procedures should include procedures on how to request advances and document official representation expenses.</p>			
<p>8. The CUC Executive Director should require the Comptroller to develop procedures on purchases requiring cash payment, wire transfers, and allowability of cash purchases for reimbursement.</p>	CUC	Resolved Delinquent	<p>The Executive Director responded that the Comptroller will develop and implement procedures regulating wire transfers and prepayments.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the procedures.</p>
<p>10. The CUC Executive Director should require the Comptroller to check CUC records to ensure that items purchased by the former Executive Director were actually received by CUC.</p>	CUC	Open Delinquent	<p>The Executive Director agreed with the recommendation but did not provide a plan of action.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a plan of action to ensure that items purchased by the former Executive Director were received.</p>
<p>11. The CUC Executive Director should require the former Executive Director to return the \$24,857 due for an oven, tensioned, and winding machine assembly which were never received and whatever amounts may be determined as a result of the above recommendations.</p>	CUC	Resolved Delinquent	<p>The Executive Director responded that CUC will refer this matter to the Attorney General's Office to pursue as part of its ongoing investigation.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the letter referring the matter to the Attorney General and the results of actions taken.</p>
<p>12. The CUC Executive Director should formally adopt the CNMI policy on travel accommodations and car insurance.</p>	CUC	Resolved Delinquent	<p>The Executive Director responded that the CUC Board of Directors will adopt travel policies, either CNMI or as amended to fit CUC.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the adopted travel policies.</p>

**3. Commonwealth Utilities Corporation  
Independent Auditor's Report on Compliance  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1995**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CUC should establish a water system revenue fund in compliance with the terms and conditions of the loan contract and begin depositing funds for the repayment of the loan proceeds.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of steps taken to establish a separate cash account as stated in auditee response..
2. CUC should reach an agreement with DOF to begin accounting for grants it receives in a subgrantee capacity.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to administer federal grants CUC receives in a subrecipient capacity as stated in auditee response.
3. CUC should segregate any interest income accrued on CDA loan proceeds and report to CDA that the income was used to further the eligible programs as outlined in the loan agreement.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	CUC disagreed with the finding because according to CUC the interest income is not program income. CUC should consider implementing the recommendation by providing OPA steps taken to comply with terms and conditions of federal funding
4. CUC should obtain insurance for projects financed through CDA loan proceeds.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to identify the appropriate amounts of coverage needed as stated in auditee response.
5. CUC should implement a system whereby a receivable/payable account records all cash received from the grantor agency and records all related expenditures.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures implemented whereby all payments to vendors and all cash received from grantor agencies are properly and timely recorded and reconciled as stated in auditee response.
6. CUC should perform a physical inventory of all fixed assets on hand, agree the count with their records and make necessary adjustments.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to implement a comprehensive inventory and registration of fixed assets as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. CUC should document the exact nature of transactions including all terms and conditions attached to the grant funding as per original grant agreement between CDA and the US Department of Interior.	CUC	Open Active	Provide OPA with documentation of transaction of CUC in relation to the grant agreement between CDA and the US Department of Interior.

**4. Commonwealth Utilities Corporation  
Independent Auditor's Report on Internal Control  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1995**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CUC should adopt policies and procedures for recording bad debts. A monthly report of doubtful accounts should be prepared for Board review.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of written policies and procedures established as stated in auditee response.
2. CUC should ensure that all reconciling items between the accounts receivable subsidiary ledger and the general ledger are reviewed, and adjustments are proposed to ensure that the general ledger balance can be fully substantiated by individual customer balances.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of steps taken to review and reconcile the accounts receivable subsidiary ledger and general ledger control account monthly..
3. CUC should ensure that edit reports are run daily and compared to cash collection input sheets and that this comparison are evidenced by the responsible individual's signature.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA documents showing implementation of procedures as stated in auditee response.
4. CUC should ensure that billings are accurately processed, editing procedures are performed prior to processing of billings and the follow-up of customer disputes on a more timely basis are implemented.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures implemented to address misstatement of revenue and accounts receivable that occur when billings are not accurately processed, edited and entered timely in the accounts receivable system as stated in auditee response.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. CUC should formulate and implement a policy to accurately estimate the portion of billings relating to different accounting periods.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of policies adopted to more closely match revenues and expenses as stated in auditee response.
6. CUC should implement policies and procedures to ensure proper filing of cash receipts and the timely follow-up and collection of balances due.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of policies and procedures adopted relating to the collection of accounts receivable.
7. CUC should ensure that meter readings agree to billings, that edit reports are reviewed and that irregularities are scrutinized.	CUC	Open Active	Provide OPA copy of procedures implemented to ensure that amounts billed are supported by meter readings as stated in auditee response.
8. CUC should retain and file all meter reading edit reports in the future.	CUC	Open Active	Provide OPA with copy of meter reading edit reports.
9. CUC should ensure that all vendor invoices are recorded as received and that monthly reconciliations of major vendor accounts are performed to ensure that all liabilities of CUC are accurately recorded.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA documents showing reconciliation of accounts payable subsidiary ledger monthly and adjustment to the general ledger control account as stated in auditee response.
10. CUC should ensure that division managers approve all time summaries and take responsibility for ensuring corrections are properly inputted.	CUC	Open Active	Provide OPA copy of procedures adopted to ensure that time sheet summaries are duly approved and corrections are properly inputted.
11. CUC should implement a system whereby a receivable/payable account records all cash received from the grantor agency and records all related expenditures.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures implemented to improve accounting for grants as stated in auditee response.
12. CUC should adopt policies and procedures related to monthly financial statements.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of policies and procedures adopted relating to monthly financial statements.
13. CUC should ensure that an appropriate level of management review all journal entries before posting.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of the operating manual that documents CUC's procedures with respect to journal entries and other accounting issues as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
14. CUC should reconcile the balance due from the CNMI with appropriate CNMI officials and record any necessary adjustments.	CUC	Open Active	Provide OPA copy of reconciliation of CUC balance to the CNMI Government's balance as stated in auditee response.
15. CUC should ensure that all long outstanding balances that are included in the other receivables and travel advances account as of September 30, 1995 are reviewed and expensed where necessary.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to review advance and prepayment accounts as stated in auditee response.
16. CUC should ensure that final inventory listings reflect quantities of items counted at balance sheet date.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures implemented to ensure that the count and inventory match as stated in auditee response.
17. CUC should implement a procedure to allocate freight and other direct costs to the per unit valuation of inventory items.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures implemented to allocate freight and other changes in the value of the inventory as stated in auditee response.
18. CUC should ensure that inventory counts are performed for all inventory items at all locations at year end.	CUC	Open Active	Provide OPA copy of procedures adopted for inventory counts.
19. CUC should retain supporting invoices or other appropriate documentation to substantiate inventory cost.	CUC	Open Active	Provide OPA copy of memo reemphasizing retention of supporting invoices and other appropriate documentation.
20. CUC should implement a job costing system to ensure that all materials and labor relating to capital projects can be specifically attributed to a project.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to implement a job costing system.
21. CUC should perform a physical inventory of all fixed assets on hand, agree the count with its records and make necessary adjustments.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted with respect to tagging and counting fixed assets as stated in auditee response.
22. CUC should implement a procedure ensuring that project completion notifications are completed on a timely basis by project engineers and forwarded to the accounting division for proper recording.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to ensure that all projects are closed on a timely basis following its completion as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
23. CUC should implement a policy with respect to required insurance coverage levels.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to identify the coverage needed and appropriate amounts as stated in auditee response.
24. CUC should ensure that accounting treatment for depreciation of contributed assets be amended to ensure that depreciation is included in operating results before the contributions balance is reduced.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to change its method of accounting for depreciation of contributed assets as stated in auditee response.
25. CUC should ensure that all payments to vendors, including those to be paid via wire transfers, be processed through the accounts payable system.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to ensure that all payments are processed through the system.
26. CUC should ensure timely review and reconciliation of the general ledger control account to the subsidiary ledger.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of reconciliations of the general ledger control account to the subsidiary ledger.
27. CUC should ensure that a daily analysis of manual checks and wire transfers are performed and forwarded to the accounts payable accountant to ensure that they are accurately processed on a timely basis.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of daily analysis of manual checks and wire transfers as stated in auditee response.
28. CUC should implement procedures to ensure that all liabilities and expenses are properly reconciled and accrued at year end.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to properly reconcile and accrue liabilities and expenses.
29. CUC should ensure that all payments of the Phase II Yen notes payable are accurately apportioned between principal, interest and foreign exchange loss to ensure accurate financial reporting.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to allocate notes payable to principal and interest and to adjust foreign exchange gain (loss) as stated in auditee response.
30. CUC should come into agreement with CDA regarding the precise nature of the transaction and document such an agreement accordingly.	CUC	Open Active	Provide OPA a copy of the promissory agreement as stated in auditee response.

# Northern Marianas College

**1. Northern Marianas College  
Independent Auditor's Report on Compliance  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1996**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. NMC should ensure that Federal Financial Status Reports are prepared and submitted in a timely manner.	NMC	Open Active	Provide OPA copy of steps taken to ensure that required reports are prepared and submitted on a timely manner.
2. NMC should ensure that College personnel file Federal Financial Reports in a timely manner and that copies of these reports should be maintained for audit purposes.	NMC	Open Active	Provide OPA copy of steps taken to ensure that required reports are filed in a timely manner and maintained for audit purposes.

**2. Northern Marianas College  
Independent Auditor's Report on Internal Control  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1996**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. NMC should ensure that NMC staff comply with established policies requiring the NMC President to sign travel advances.	NMC	Open Active	Provide OPA copy of steps taken to monitor administration policies to minimize errors of omission as stated in auditee response.
2. NMC should ensure that NMC staff comply with established policies requiring purchase orders to be issued to vendors after the buyer has obtained the best price and delivery terms.	NMC	Open Active	Provide OPA copy of steps taken to monitor the procurement procedure as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. NMC should ensure that all supporting documents are attached to the check voucher and filed in a manner that ensures no documents will be lost or misplaced.	NMC	Open Active	Provide OPA copy of memo reemphasizing compliance with procedures on proper attachments to check payments and check requests as stated in auditee response.
4. NMC should ensure that NMC staff comply with established policies requiring that the expenditure authority sign purchase orders before they are released to vendors.	NMC	Open Active	Provide OPA copy of memo reemphasizing compliance with proper procurement procedures as stated in auditee response.
5. NMC should ensure that all sole source justifications should be approved by the procurement officers.	NMC	Open Active	Provide OPA copy of memo reemphasizing compliance with proper procurement procedures as stated in auditee response.
6. NMC should ensure that NMC staff comply with established policies on requiring the chief accountant/controller to initial the check to indicate that the check is accurate.	NMC	Open Active	Provide OPA copy of memo reemphasizing compliance with proper procurement procedures as stated in auditee response.

# Public School System

**1. Report No. AR-97-03 issued March 10, 1997**  
**Travel of Former Recreational Therapist/Adaptive Physical Education Specialist**

Date(s) of followup letter(s) sent : 7/16/97, 2/02/98, 9/21/98  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Commissioner of Education should amend the PSSRR to include the prohibition of the payment of commuting costs unless the payment is justified by the parties concerned and approved by the Board of Education.	PSS	Open Delinquent	Provide OPA a copy of the amendment to the PSSRR.
2. The Commissioner of Education should inform and direct the Coordinator of the Special Education Programs and any other PSS personnel responsible for employee activities to implement personnel policies in conformance with the FLSA and the Department of Labor regulations.	PSS	Open Delinquent	Provide OPA a copy of the directive of the Commissioner to the Coordinator and any other PSS personnel responsible for employee activities to implement personnel policies in conformance with the FLSA and the Department of Labor regulations.

**2. Report No. AR-98-01 issued January 15, 1998**  
**Audit of Marianas High School Gym Contract**

Date(s) of followup letter(s) sent : 9/09/98  
 Date(s) of response letter(s) received : 4/16/98

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. Identify or request funding to complete the MHS gymnasium and ensure that any new contract to be procured for the project undergo competitive bidding and does not exceed available funds.	PSS	Resolved Active	On April 16, 1998, the Chairwoman of the Board of Education responded that PSS, in compliance with the Department of Works has created a plan for the completion of the Gym project. The first phase of cleaning up the site and taking preventive steps has begun. The second stage will involve using the remaining available money to complete the redesign and construction of the Gym.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

*Further Action Needed*

PSS should provide us copies of procurement documents and contracts showing that the government estimate to complete the project will not exceed available funding.

**3. Report No. LT-98-14 issued December 23, 1998, 1998  
Follow-up Audit of Marianas High School Student Funds  
August 1991 to September 1992**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

4. The Commissioner should define what constitutes educational purpose or educational activity and include such definition in its policy manual.

PSS  
Open  
Active

*Further Action Needed*

The Commissioner should furnish OPA a copy of its amended policy manual where educational purpose and educational activity is clearly defined.

**4. Public School System  
Independent Auditor's Report on Compliance  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1995**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. PSS should institute policies and procedures to control access to and custodianship of participant files.

PSS  
Open  
Delinquent  
(Outstanding since FY1994 Single Audit)

Provide OPA copy of policies and procedures developed in conjunction with UAP-Guam to revise and update the SPED policy and procedures handbook as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. PSS should review all costs of Federal awards for allowability prior to processing payments.	PSS	Open Active	Provide OPA copy of steps taken to adhere to the requirements of OMB Circular A-87, Attachment B, Section 20 as stated in auditee response.
3. PSS should ensure that all records are appropriately retained to support costs of federal programs.	PSS	Open Active	Provide OPA copy of procedures developed to establish computerized files for each employee as stated in auditee response.
4. PSS should establish a system to ensure that appropriate records are maintained and are accessible for the required period.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to ensure accuracy of child and family data as stated in auditee response.
5. PSS should establish stringent controls to ensure all required documents of eligibility are submitted by each applicant.	PSS	Open Active	Provide OPA copy of procedures adopted to ensure that child enrollment documents are properly filed and maintained in a locked file as stated in auditee response.
6. PSS should ensure that eligibility for child care services are appropriately determined, approved and relevant documentation retained.	PSS	Open Active	Provide OPA copy of streamlined forms that includes all the information into one user-friendly form as stated in auditee response.
7. PSS should ensure that the School Fund Authority maintain applications on file in accordance with FNS guidelines.	PSS	Open Active	Provide OPA copy of procedures to maintain applications on file.
8. PSS should ensure that independent checks are performed to ensure the student master list is accurately prepared.	PSS	Open Active	Provide OPA copy of actions taken to ensure that child enrollment documents are properly filed and maintained as stated in auditee response.
9. PSS should ensure that the School Food Authority maintain accurate meal counts and records.	PSS	Open Active	Provide OPA copy of procedures adopted to maintain accurate meal counts and records.
10. PSS should ensure that annual Single Audit are contracted prior to year end.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of the RFP for FY 1998 as stated in auditee response.
11. PSS should submit the SF-269A in compliance with the Memorandum of Understanding and maintain and adhere to a schedule of federal reporting deadlines.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA actions taken to adhere to a schedule of federal reporting deadlines.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
12. PSS should initiate policies and procedures to ensure IEPs are completed for all participants.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of revised and updated SPED handbook on policies and procedures as stated in auditee response.
13. PSS should adhere to grant terms and conditions of the Headstart program.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to establish waiting list and enroll additional children for available slots as stated in auditee response.
14. PSS should reconcile records for all amounts reported to the grantor agency.	PSS	Open Active	Provide OPA copy of reconciliation of records using a 132 report run as stated in auditee response.
15. PSS should establish a system to ensure that appropriate records are maintained and are accessible for the required period.	PSS	Open Active	Provide OPA copy of procedures adopted to establish a system to ensure appropriate maintenance of records as stated in auditee response.
16. PSS should maintain and adhere to a schedule of federal reporting deadlines.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to adhere to a schedule of federal reporting deadlines.
17. PSS should establish a system to ensure that appropriate records are maintained and are accessible for the required period.	PSS	Open Active	Provide OPA copy of procedures adopted to establish a system to ensure appropriate maintenance of records as stated in auditee response.
18. PSS should ensure adherence to prescribed procurement policies and procedures.	PSS	Open Active	Provide OPA copy of procedures adopted to retain documentation that shows compliance with established PSS procurement procedures as stated in auditee response.
19. PSS should adhere to the provisions of the procurement manual.	PSS	Open Active	Provide OPA copy of actions taken to adhere to the provisions of the procurement manual as stated in auditee response.
20. PSS should adhere to the standard Procurement Rules and Regulations.	PSS	Open Active	Provide OPA copy of procedures adopted to retain documentation that shows compliance with established PSS procurement procedures as stated in auditee response.
21. PSS should adhere to grant terms and conditions.	PSS	Open Active	Provide OPA copy of actions taken to effect change in both the PSS Personnel and Payroll Offices as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
22. PSS Food Service Office should establish proper controls over supplies inventory.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to establish controls over supplies inventory.
23. PSS should ensure that appropriate accounting policies and procedures are established for fixed assets.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to establish appropriate accounting for fixed assets.

**5. Public School System  
Independent Auditor's Report on Internal Control  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1995**

Date(s) of followup letter(s) sent :  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. PSS should ensure that detailed records of budget versus actual expenditures are maintained, and for any relevant adjustments made to transfers in and receivables for lapsed funding at year end.	PSS	Open Active	Provide OPA copy of steps taken to reconcile transfers from the CNMI to actual expenditures as stated in auditee response.
2. PSS should implement procedures to ensure appropriate file maintenance.	PSS	Open Active	Provide OPA copy of procedures adopted to file supporting documentation promptly and maintain these files as stated in auditee response.
3. PSS should ensure adherence to the documented Procurement Rules and Regulations.	PSS	Open Active	Provide OPA copy of procedures taken to comply with PSS procurement regulations on emergency procurement as stated in auditee response.
4. PSS should ensure that taxes are withheld properly from employee pay checks.	PSS	Open Active	Provide OPA copy of procedures adopted to accurately compute withholding taxes.
5. PSS should implement a system whereby a receivable/payable account	PSS	Open Active	Provide OPA copy of procedures done to record federal receivable and payable

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
records all cash received from the grantor agency and records all related expenditures.			account records as stated in auditee response.
6. PSS should ensure that reconciliations for all bank accounts are prepared and approved on a monthly basis.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of bank reconciliations performed in a more timely manner as stated in auditee response.
7. PSS should ensure that all travel advances are investigated and followed-up on a regular basis to ensure that they are promptly liquidated.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to implement system of payroll deductions for delinquent travel advances as stated in auditee response.
8. PSS should ensure that periodic reconciliation of payroll advances are performed.	PSS	Open Active	Provide OPA actions taken to either prohibit advances or establish a subsidiary ledger for control purposes as stated in auditee response.
9. PSS should establish an inventory system to record the receipt and issuance of inventory items and maintain a continuing record of the value of items on hand for recording in the accounting system.	PSS	Open Active	Provide OPA actions taken to upgrade its system of accounting for inventories as stated in auditee response.
10. PSS should establish an inventory system to record the receipt and issuance of inventory items and maintain a continuing record of the value of items on hand for recording in the accounting system.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of procedures adopted to establish an inventory system to record the receipt and issuance of inventory items.
11. PSS should improve internal controls over inventory by using prenumbered receiving reports and inventory issuance slips, and maintaining subsidiary ledgers or stock cards to facilitate reconciliation of year end inventory balances.	PSS	Open Active	Provide OPA copy of procedures adopted to upgrade the entire system of accounting for inventories as stated in auditee response.
12. PSS should perform a physical inventory of all fixed assets on hand, agree the count with its records and make necessary adjustments.	PSS	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of actions taken to provide training to accounting and procurement on how to implement the fixed assets accounting system as stated in auditee response.

<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
13. PSS should ensure that requested listings are provided to ensure that audit testing can be performed.	PSS	Open Active	Provide OPA copy of records in the general ledger of the retainage owed to all contractors as stated in auditee response.
14. PSS should ensure that employee records are appropriately maintained.	PSS	Open Active	Provide OPA copy of procedures adopted to appropriately maintain employee records.
15. PSS management should review the items in the encumbrance ledger to ensure that the encumbrances are properly recorded and valid.	PSS	Open Active	Provide OPA copy of actions taken to review the encumbrance ledger.

# Tinian Casino Gaming Control Commission

**I. Report No. AR-94-03 issued September 14, 1994  
Financial Statements and Audit Report for FY 1992 and 1993**

Date(s) of followup letter(s) sent : 10/27/94, 11/18/94, 1/13/95, 7/6/95, 7/1/96, 12/2/96, 2/02/98, 9/18/98  
Date(s) of response letter(s) received : 12/19/94, 8/8/96 (Extension requested up to 10/8/96)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Chairman of the TCGCC should make a study and offer financial incentives, such as tax holidays for a certain period, to attract more potential investors.	TCGCC	Resolved Delinquent	The plan presented is acceptable. However, in order to consider the recommendation closed, the TCGCC Deputy Director should provide OPA copy of the study made, re: financial incentives to investors, on or before March 31, 1995.
4. The Chairman of the TCGCC should evaluate the current regulations for imposing special fee assessment. It may be more acceptable for applicants and license holders just to be charged with the actual cost of licensing plus a reasonable amount of overhead cost instead of being assessed based on an estimated amount of a budget shortfall.	TCGCC	Resolved Delinquent	The plan presented is acceptable. However, in order to consider the recommendation closed, the TCGCC Deputy Director should provide OPA copy of results of the evaluation on or before February 28, 1995.
5. The Chairman of the TCGCC should initiate actions to amend the existing regulations concerning the eligibility requirements for appointment as a Commission member (Part II. Section 5 (6) of the Casino Act).	TCGCC	Open Delinquent	Reconsider the recommendation. Provide the title of the official responsible and the target date for initiating actions to amend the existing regulations concerning the eligibility requirements for appointment as a Commission member by providing for minimum educational or technical requirements.
16. The Chairman of the TCGCC should initiate the publication and formal adoption of the proposed revised regulation in the Commonwealth Register to comply with the necessary adoption procedures required by the Administrative Procedures Act. The Gaming Commission should specify the effective date of the proposed regulations.	TCGCC	Resolved Delinquent	In order to consider the recommendation closed, provide copy of the publication and formal adoption of the proposed revised regulations in the Commonwealth Register on or before February 28, 1995.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
18. The Chairman of the TCGCC should establish written policies regarding individuals that might be allowed to travel using Gaming Commission funds.	TCGCC	Open Delinquent	Reconsider the recommendation. Although the subject is difficult to address, in order for the Gaming Commission to control its funds, written policies should be established which would require justification of travel of persons outside the immediate commission's members or staff. A copy should be provided to OPA.
19. The Chairman of the TCGCC should establish formal regulations to control official representation and grocery expenses.	TCGCC	Open Delinquent	In order to consider the recommendation closed, provide OPA a copy of regulations to control official representation and grocery expenses.
25. The Chairman of the TCGCC should establish in writing and enforce regulations in TR authorization requirements and voucher computations. The Gaming Commission should not allow the traveler to authorize his own travel.	TCGCC	Open Delinquent	Provide OPA a copy of written regulation which would disallow travelers to authorize his own travel request.
27. The Chairman of the TCGCC should issue a directive requiring the accountant's certification of funds before approval of payment of expenditures.	TCGCC	Open Delinquent	Reconsider the recommendation. Provide signed copy of directive requiring the accountant's certification of funds before approval of payment of expenditures.
28. The Chairman of the TCGCC should implement cost-cutting measures, monitor the revenue budget and expenditures, establish a special bank account for licensing cost deposits, maintain the accounting records in accordance with GAAP, implement travel regulations especially concerning the immediate return of travel advances by person whose travel is canceled, obtains updated Form W-4s from all employees, timely file and remit taxes, and checks the work of the timekeeper.	TCGCC	Resolved Delinquent	Provide us signed copy of the following directives: procurement policies, budget/expenditure, separation of bank account, accounting records maintain in accordance with GAAP, liquidation of travel advances, W-4 forms, tax payments, travel authorization, trip report and travel advances, travels policy, and timekeeping. Also, provide us the ff. docs. : bank a/c no. for the licensing cost deposit special bank a/c, copy of latest schedules of unliquidated or partially liquidated advances for collection, copy of reminders to be sent out to employees regarding collection of taxes receivable, copy of directive assigning a person to be responsible for making follow-up of the liquidation of long o/s travel advances, and include trip reports in the list of documents needed to be attached to each TV.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>29. The Chairman of the TCGCC should issue directives or policies on assigning a person to monitor the receipts and disbursements of licensing cost deposit, proper documentation of charges against the licensing cost deposits of applicants, acceptable method of allocating operating and overhead cost to applicants' licensing cost, requiring the accountant to make the necessary adjustments to the FS, the revised duties and responsibilities of the Gaming Commission and the Municipal Treasurer, requiring the Municipal Treasurer to deposit all local revenues generated from casino-related operation to the Municipal Treasurer bank account, requiring the staff assigned to process payrolls to study and strictly comply with the rules on taxes.</p>	TCGCC	Open Delinquent	<p>Provide us the following memorandum and forms: directive assigning a person to monitor the receipts and disbursements of licensing cost deposit, policies on proper documentation of charges against the licensing cost deposits of applicants, procedures on an acceptable method of allocating operating and overhead cost to applicants' licensing cost, directive requiring the accountant to make the necessary adjustments to the FS, policies on the revised duties and responsibilities of the Gaming Commission and the Municipal Treasurer, directive requiring the Municipal Treasurer to deposit all local revenues generated from casino-related operation to the Municipal Treasurer bank account, directive requiring the staff assigned to process payrolls to study and strictly comply with the rules on taxes.</p>

This page was intentionally left blank.



# **Independent Committee**

---

## **CNMI Labor Day Committee**

# Independent Committee

**I. Report No. AR-95-19 issued November 7, 1995  
 CNMI Labor Day Committee  
 Audit of Receipts and Disbursements**

Date(s) of followup letter(s) sent : 7/16/96, 12/3/96, 02/02/98, 9/22/98  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Executive Chairman of the Labor Day Committee should issue a directive disallowing the practices of: (a) spending the Committee's funds for appreciation parties, (b) distributing in-kind contributions to Committee officers and members, and (c) donating to other nonprofit organizations.	CLDC	Open Delinquent	The Executive Chairman should provide OPA a copy of the directive (a) abolishing the practice of having appreciation parties, (b) stopping the distribution of in-kind contributions to Committee officers and members, and (c) recognizing the committees in Rota and Tinian and the Committee's intention to extend monetary assistance upon request of the committees.
2. The Executive Chairman of the Labor Day Committee should prepare a budget to determine how much money and in-kind contributions are needed to be raised to cover the needs of the current year's activities.	CLDC	Open Delinquent	The Executive Chairman did not specifically state whether a budget will be prepared for each activity. He responded that it is unreasonable to limit the amount of contributions that can be received in a given year.  The Executive Chairman should provide OPA a copy of the letter requiring other Committee officers to annually meet with him for the preparation of a budget, and a copy of the budget prepared.
3. The Executive Chairman of the Labor Day Committee should adopt a policy for setting the amount of cash to be carried over to the following year as a reserve.	CLDC	Open Delinquent	The Executive Chairman responded that the Committee should be allowed to solicit and raise money 50% more than what is needed.  The Executive Chairman should address the recommendation. He should provide OPA a copy of the policy for setting the amount of cash to be carried over to the following year as a reserve.
4. The Executive Chairman of the Labor Day Committee should refer to the Attorney General for further	CLDC	Resolved Delinquent	The Executive Chairman should provide OPA a copy of the letter request to the Attorney General.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>investigation the matter relating to the disappearance of the Committee's PA System.</p>			
<p>6. The Executive Chairman of the Labor Day Committee should establish and implement written policies and procedures to maintain a permanent record of fixed assets and all other property, to designate a custodian, and to document transfer of custodial responsibilities.</p>	CLDC	Resolved Delinquent	<p>The Executive Chairman responded that the members of the Executive Committee will develop written policies and procedures to control fixed assets and all other property of the Committee.</p> <p>The Executive Chairman should provide OPA a copy of the written policies and procedures.</p>
<p>7. The Executive Chairman of the Labor Day Committee should develop and implement written policies and procedures to define, communicate, and monitor controls over collections, disbursements, and disposition of in-kind contributions received.</p>	CLDC	Resolved Delinquent	<p>The Executive Chairman responded that the members of the Executive Committee will develop written policies and procedures to define, communicate, and monitor controls over collections, disbursements, and disposition of in-kind contributions.</p> <p>The Executive Chairman should provide OPA a copy of the written policies and procedures.</p>
<p>8. The Executive Chairman of the Labor Day Committee should (a) file the required annual report with the CNMI Registrar of Corporations and (b) submit application for tax-exempt status and file the required annual information return with the CNMI Division of Revenue and Taxation.</p>	CLDC	Resolved Delinquent	<p>(a) The Executive Chairman did not include in his response that he will file an annual report with the CNMI Registrar of Corporations. However, based on our telephone conversation on October 23, 1995, he said that he had already filed the annual report.</p> <p>(b) The Executive Chairman responded that he will file an application for tax exemption for the Committee and the required annual information return with the CNMI Division of Revenue and Taxation.</p> <p>The Executive Chairman should provide OPA a copy of the (a) annual report, and (b) application for tax exemption and annual information return acknowledged "received" by the CNMI Registrar of Corporations and the CNMI Division of Revenue and Taxation respectively.</p>

**APPENDIX A**

**LIST OF 1994 TO 1996 AUDITS  
WITH OPEN OR RESOLVED RECOMMENDATIONS  
CONSIDERED DELINQUENT AS OF DECEMBER 1998**

	Agency to Act	Report No.	Delinquent Recommendations
1994	Department of Public Safety	AR-94-05	11
1994	Tinian Casino Gaming Control Commission	AR-94-03	10
1995	CNMI Labor Day Committee	AR-95-19	7
1995	Commonwealth Ports Authority	AR-95-17	5
1995	Commonwealth Ports Authority	AR-95-11	4
1995	Commonwealth Utilities Corporation	AR-95-12	9
1995	Commonwealth Utilities Corporation	AR-95-07	2
1995	Department of Commerce	AR-95-22	2
1995	Department of Community and Cultural Affairs	AR-95-02	1
1995	Department of Lands and Natural Resources	AR-95-16	7
1995	Department of Lands and Natural Resources	AR-95-18	5
1995	Department of Public Health	AR-95-15	1
1995	Department of Public Safety	AR-95-06	5
1995	Department of Public Safety	AR-95-09	1
1995	Department of Public Works	AR-95-21	2
1995	Municipality of Northern Islands	AR-95-04	1
1995	Municipality of Rota	LT-95-04	1
1995	Municipality of Tinian	LT-95-06	2
1996	Commonwealth Ports Authority	AR-96-07	6
1996	Department of Lands and Natural Resources	AR-96-03	4
1996	Department of Lands and Natural Resources	LT-96-05	2
1996	Department of Lands and Natural Resources	AR-96-05	1
1996	Municipality of Rota	AR-96-06	7
1996	Municipality of Tinian	AR-96-01	2
	Total		98

**APPENDIX B****Acronym Used**

AGING	Office of Aging
AGO	Office of the Attorney General
AR	Audit Report
ARFF	Airport Rescue Fire Fighters
AWOL	Absence Without Leave
BGRT	Business Gross Receipt Tax
BMV	Bureau of Motor Vehicles
BOED	Board of Education
BOELEC	Board of Election
CAO	Carolinian Affairs Office
CDA	Commonwealth Development Authority
CFDA	Catalogue of Federal Domestic Assistance
CFR	Code of Federal Regulation
CHC	Commonwealth Health Center
CJIS	Criminal Justice Information System
CLDC	CNMI Labor Day Committee
CNMI	Commonwealth of the Northern Mariana Islands
CNMI-PR	Commonwealth of the Northern Mariana Islands - Procurement Regulations
CONCON	Constitutional Convention
CPA	Commonwealth Ports Authority
CRM	Coastal Resources Management
CSC	Civil Service Commission
CSR	Central Supply Room
CUC	Commonwealth Utilities Corporation
DCCA	Department of Community and Cultural Affairs
DDC	Developmental Disabilities Council
DEQ	Division of Environmental Quality
DL	Driver's License
DLI	Department of Labor and Immigration
DLNR	Department of Lands & Natural Resources
DOC	Department of Commerce
DOF	Department of Finance
DOI	US Department of the Interior
DPH	Department of Public Health
DPL	Division of Public Lands
DPS	Department of Public Safety
DPW	Department of Public Works
DRT	Division of Revenue and Taxation
DTA	Daily Time and Attendance
DTAR	Daily Time and Attendance Reports
EDP	Electronic & Data Processing

EEOC	Equal Employment Opportunity Commission
EMO	Emergency Management Office
ESPR	Excepted Service Personnel Regulations
FAR	Federal Acquisition Regulations
FLSA	Fair Labor Standards Act
FMS	Financial Management System
FS	Financial Statements
FTE	Full Time Employment
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GHI	Group Health Insurance
GOV	Office of the Governor
HCFA	Health Care Financing Administration
HOUSEREP	House of Representatives
HRDTF	Human Resources Development Trust Fund
ID	Identification
IRS	Internal Revenue Services
LEGBUREAU	Legislative Bureau
LIBCOUNCIL	Library Council
LT	Letter Report
LWOP	Leave Without Pay
MBG	MBG Management Services, Inc.
M/HLO	Marianas/Hawaii Liaison Office
MEU	Management Evaluation Unit
MHS	Marianas High School
MPLC	Marianas Public Land Corporation
MRO	Medical Referral Office
MSO	Medical Supply Office
MVA	Marianas Visitors Authority
MVB	Marianas Visitors Bureau
NAP	Nutrition Assistance Program
NIMO	Northern Islands Mayor's Office
NMC	Northern Marianas College
NMHC	Northern Marianas Housing Corporation
NMIRF	Northern Mariana Islands Retirement Fund
NMSCI	Northern Marianas Seafood Corporation, Inc.
OMB	Office of Management and Budget
OPA	Office of the Public Auditor
OPM	Office of Personnel Management
PDO	Public Defender's Office
PDU	Pharmacy Dispensing Unit
P&S	Procurement & Supply
PIC	Pacific Islands Club
PIDB	Pacific Islands Development Bank
PO	Purchase Order
POS	Point of Sale Systems

PSSRR	Public School Personnel System Rules and Regulations
PSSRRJ	Public School Personnel System Rules and Regulations Judiciary
PSS	Public School System
RFP	Request for Proposals
RHC	Rota Health Center
RMC	Rota Municipal Council
RMO	Rota Mayor's Office
RPLO	Rota Public Lands Office
SAA	Special Assistant for Administration
SMC	Saipan Municipal Council
SMO	Saipan Mayor's Office
SPMC	Supreme Court
SPRC	Superior Court
STS	Summary Time Sheet
TA	Travel Authorization
TCGCC	Tinian Casino Gaming Control Commission
TMC	Tinian Municipal Council
TMO	Tinian Mayor's Office
TR	Travel Request
TSD	Technical Services Division
TV	Travel Voucher
US	United States
WASHREP	Washington Representative

This page was intentionally left blank.



# Index

Advances to Employees		Bureau of Motor Vehicles	
CNMI Single Audit	61	Compliance with Government Vehicle Act and	
Commonwealth Utilities		Regulations	80
Corporation	109	Driver's Licensing and Vehicle Registration	
Marianas/Hawaii Liaison Office	2	Activities	39
Rota Mayor	51	Licensing of Firearm Holders and Dealers,	
Attorney General		Shooting Galleries	42
Professional Services Contracts	8, 72	Carolinian Affairs Office	
Audit Report		Audit of Employees' Time and	
AR-94-03	125	Attendance	82
AR-94-05	39	User Fees, Scholarship Fund and Managaha	
AR-95-02	18	Proposal	18
AR-95-04	48	CNMI Government Compliance Audits	
AR-95-06	42	Audit of Employees' Time and	
AR-95-07	108	Attendance	82
AR-95-09	43	Compliance with the Compensation Adjustments	
AR-95-11	98	Act	68
AR-95-12	108	Compliance with Government Vehicle Act and	
AR-95-15	31	Regulations	77
AR-95-16	22	CNMI Labor Day Committee	
AR-95-17	100	Audit of Receipts and	
AR-95-18	23	Disbursements	130
AR-95-19	130	CNMI-Wide Audits	
AR-95-21	45	Audit of Employees' Time and	
AR-95-21	12	Attendance	82
AR-96-01	53	CNMI Single Audit	56
AR-96-03	26	Compliance with the Compensation Adjustments	
AR-96-05	28	Act	68
AR-96-06	49	Compliance with Government Vehicle Act and	
AR-96-07	102	Regulations	77
AR-97-01	2	Professional Services Contracts	72
AR-97-02	68	Collections, Misappropriation	
AR-97-03	118	Division of Revenue and Taxation	19
AR-97-05	72	Commonwealth Development Authority	
AR-97-06	32	Compliance with the Compensation Adjustments	
AR-97-07	34	Act	69
AR-97-11	6	Independent Auditor's Report on the Internal	
AR-97-12	7	Control Structure and Compliance	96
AR-98-01	118	Commonwealth Health Center	
AR-98-02	77	Missing Funds	31
AR-98-03	82	Commonwealth Ports Authority	
AR-98-04	13	Board-Related Transactions	100
AR-98-05	8	Compliance with the Compensation Adjustments	
AR-98-06	20	Act	70
Board of Education		Compliance with Government Vehicle Act and	
Compliance with Government Vehicle Act and		Regulations	72
Regulations	77	Credit Card and Related Travel Transactions	98
Board of Election		Independent Auditor's Report on the Internal	
Compliance with Government Vehicle Act and		Control Structure and Compliance	104
Regulations	77	Misuse of Government Vehicle	104
		Permits, Leases and Concession Agreements	102
		Purchase of Vehicles for DPW	100

<p>Saipan Fishing Center and the Lease of the Garapan Fishing Base . . . . . 28</p> <p>Division of Revenue and Taxation Misappropriation of Collections . . . . . 19</p> <p>Emergency Management Office Compliance with Government Vehicle Act and Regulations . . . . . 77</p> <p>Lack of Fiscal Control in Food Service Operations . . . . . 8</p> <p>Expenditures CNMI Labor Day Committee . . . . . 130</p> <p>Marianas/Hawaii Liaison Office . . . . . 2</p> <p>Northern Islands Mayor . . . . . 48</p> <p>Expenditures, Audit Rota Mayor . . . . . 49</p> <p>Funds, Missing Commonwealth Health Center . . . . . 31</p> <p>Funds, Misuse Development Disabilities Council . . . . . 34</p> <p>House of Representatives Compliance with Government Vehicle Act and Regulations . . . . . 77</p> <p>Internal Controls CNMI Single Audit . . . . . 56</p> <p>Commonwealth Development Authority . . . . . 96</p> <p>Commonwealth Ports Authority . . . . . 104</p> <p>Commonwealth Utilities Corporation . . . . . 112</p> <p>Department of Lands and Natural Resources . . . . . 22</p> <p>Northern Marianas College . . . . . 116</p> <p>Public School System . . . . . 122</p> <p>Land Lease CPA Permits, Leases and Concession Agreements . . . . . 102</p> <p>Garapan Fishing Base . . . . . 28</p> <p>Leases with Hotels, Resorts, and Golf Courses . . . . . 26</p> <p>Legislative Bureau Compliance with Government Vehicle Act and Regulations . . . . . 77</p> <p>Letter Report LT-95-04 . . . . . 49</p> <p>LT-95-06 . . . . . 53</p> <p>LT-96-05 . . . . . 29</p> <p>LT-97-02 . . . . . 31</p> <p>LT-98-03 . . . . . 104</p> <p>LT-98-06 . . . . . 36</p> <p>LT-98-07 . . . . . 19</p> <p>LT-98-08 . . . . . 19</p> <p>LT-98-09 . . . . . 38</p> <p>LT-98-11 . . . . . 52</p> <p>LT-98-12 . . . . . 105</p> <p>LT-98-14 . . . . . 119</p> <p>Library Council Compliance with Government Vehicle Act and Regulations . . . . . 78</p>	<p>Marianas High School Audit of MHS Gym Contract . . . . . 118</p> <p>Follow-up Audit of MHS Student Funds . . . . . 119</p> <p>Marianas Visitors Authority Audit of Promotion and Advertising Services . . . . . 13</p> <p>Marianas Visitors Bureau Compliance with the Compensation Adjustments Act . . . . . 68</p> <p>Compliance with Government Vehicle Act and Regulations . . . . . 79</p> <p>Settlement Agreement Between Former Managing Director and MVB . . . . . 12</p> <p>Marianas/Hawaii Liaison Office Audit of Expenditures . . . . . 2</p> <p>Materiel Management Division Audit of Employees' Time and Attendance . . . . . 38</p> <p>Medical Claims Straub Clinic and Hospital, Inc. . . . . 31, 36</p> <p>Medical Referral Straub Clinic and Hospital, Inc. . . . . 31, 36</p> <p>Transactions under the San Diego Hospital Association Agreement . . . . . 31</p> <p>Municipality of Northern Islands Employee Time Charges and Capital Expenditures . . . . . 48</p> <p>Office of the Mayor . . . . . 48</p> <p>Municipality of Rota Compliance with Authorized Number of FTE Positions . . . . . 52</p> <p>Expenditures of the Rota Mayor's Office . . . . . 49</p> <p>Memorandum of Agreement with IBC/M . . . . . 49</p> <p>Office of the Mayor . . . . . 49, 52</p> <p>Municipality of Tinian Motor Vehicle Leased by the Tinian Mayor's Office . . . . . 53</p> <p>Office of the Mayor . . . . . 53</p> <p>Operations of Tinian Mayor's Office . . . . . 53</p> <p>Northern Islands Mayor Audit of Employees' Time and Attendance . . . . . 87</p> <p>Compliance with Government Vehicle Act and Regulations . . . . . 77</p> <p>Office of the Mayor . . . . . 48</p> <p>Northern Marianas College Audit of Employees' Time and Attendance . . . . . 91</p> <p>Compliance with the Compensation Adjustments Act . . . . . 70</p> <p>Compliance with Government Vehicle Act and Regulations . . . . . 78</p> <p>Independent Auditor's Report on Compliance . . . . . 116</p>
---	---

Independent Auditor's Report on the Internal Control Structure ..... 116

Northern Mariana Islands Retirement Funds

    Compliance with Government Vehicle Act and Regulations ..... 78

Nutrition Assistance Program

    CNMI Single Audit ..... 63

Office of Management and Budget

    Audit of Employees' Time and Attendance ..... 85

    Compliance with Government Vehicle Act and Regulations ..... 79

    Professional Services Contracts ..... 73

Office of Personnel Management

    Northern Islands Mayor ..... 48

Office of the Special Assistant for Administration

    Compliance with Government Vehicle Act and Regulations ..... 77

Office of the Governor

    Compliance with the Compensation Adjustments Act ..... 71

    Compliance with Government Vehicle Act and Regulations ..... 77

    Contract with CNMI's Former Acting Attorney General ..... 8

    Expenditures of the Marianas/Hawaii Liaison Office ..... 2

    Lack of Fiscal Control in Food Service Operations ..... 7

    Professional Services Contracts ..... 6, 8, 72

Office of the Mayor

    Northern Islands ..... 48

    Rota ..... 49, 52

    Tinian ..... 53

Office of the Special Assistant for Drug and Substance Abuse

    Professional Services ..... 6

Operations, Audit

    Tinian Mayor ..... 53

Procurement

    Professional Services ..... 6

    Purchase of an Ambulance Transmission Assembly ..... 43

Professional Services

    Attorney General ..... 8

    Executive Branch ..... 72

    Office of the Special Assistant for Drug and Substance Abuse ..... 6

Public Defender's Office

    Audit of Employees' Time and Attendance ..... 83

Public School System

    Audit of Marianas High School Gym Contract ..... 108

Audit of Employees' Time and Attendance ..... 92

Follow-up audit of Marianas High School Student Funds ..... 119

Independent Auditor's Report on Compliance ..... 119

Independent Auditor's Report on the Internal Control Structure ..... 122

Travel of Former Therapist/Adaptive P.E. Specialist ..... 118

Rota Health Center

    Director's Claims Against the RHC ..... 32

Rota Mayor

    Audit of Expenditures ..... 49

    Audit of Employees' Time and Attendance ..... 87

    Compliance with Authorized Number of FTE's ..... 52

    Compliance with Government Vehicle Act and Regulations ..... 77, 81

    Memorandum of Agreement with IBC/M ..... 49

Rota Health Center

    Director's Claims ..... 32

Rota Municipal Council

    Audit of Employees' Time and Attendance ..... 88

    Compliance with Government Vehicle Act and Regulations ..... 77

Saipan Mayor

    Audit of Employees' Time and Attendance ..... 89

Saipan Municipal Council

    Audit of Employees' Time and Attendance ..... 89

    Compliance with Government Vehicle Act and Regulations ..... 77

Salary Ceiling, Government ..... 68

Senate

    Compliance with Government Vehicle Act and Regulations ..... 77

Single Audit

    CNMI ..... 56

    Report on Compliance with Laws and Regulation ..... 56

    Report on Internal Control Structure ..... 56

Superior Court

    Audit of Employees' Time and Attendance ..... 91

    Compliance with Government Vehicle Act and Regulations ..... 77

Supreme Court

    Audit of Employees' Time and Attendance ..... 91

- Compliance with Government Vehicle Act and Regulations . . . . . 77
- Tinian Casino Gaming Control Commission
  - Audit Report for FY 1982 and 1983 . . . . . 125
  - Compliance with Government Vehicle Act and Regulations . . . . . 78
  - Financial Statements . . . . . 125
- Tinian Municipal Council
  - Compliance with Government Vehicle Act and Regulations . . . . . 77
- Tinian Mayor
  - Audit of Operations . . . . . 53
  - Audit of Employees' Time and Attendance . . . . . 90
  - Investigation of a Leased Motor Vehicle . . . . . 53
- Travel Transactions
  - CNMI Single Audit . . . . . 61
  - Commonwealth Ports Authority . . . . . 98, 100
  - Commonwealth Utilities Corporation . . . . . 108
  - Development Disabilities Council . . . . . 34
  - Division of Public Lands . . . . . 24
  - Marianas/Hawaii Liaison Office . . . . . 2
  - Rota Mayor . . . . . 51
  - Tinian Casino Gaming Control Commission . . 126
- Washington Representative's Office
  - Compliance with Government Vehicle Act and Regulations . . . . . 77

