Report on CNMI Agencies' Implementation of

Audit Recommendations As of December 1999







Office of the Public Auditor

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REPORT ON CNMI AGENCIES' IMPLEMENTATION OF AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 1999

May 3, 2000

Interagency Audit Coordinating Advisory Group Saipan, MP 96950

Enclosed is a copy of the report on CNMI agencies' implementation of audit recommendations as of December 31, 1999. For the year 1999, the Office of the Public Auditor (OPA) issued 14 audit reports to various departments and agencies of the Commonwealth Government, 13 of which set forth a total of 28 recommendations. The 28 additional recommendations made during the year were in addition to the 284 recommendations outstanding at the beginning of the year, making a total of 312 recommendations tracked for the year. Of the 312 audit recommendations, 118 were closed and 194 were either open or resolved. Of the 194 open or resolved recommendations, 181 were considered delinquent. Of the 181 delinquent recommendations, 85 pertain to recommendations from reports issued in 1998 to 1999 which became delinquent because agencies failed to take action on the recommendations and did not respond to the follow-up letters sent by OPA and 96 pertain to recommendations from reports issued in 1994 to 1997 of which 57 were closed. However, most of those closed were because events overtook the need for the recommendations, rather than agencies acting on the recommendations.

We appreciate the actions taken by the Interagency Audit Coordinating Advisory Group to assist OPA in the follow-up on the actions taken by various government agencies to address the outstanding audit recommendations. This action resulted in the closure of some recommendations during the year. However, more aggressive action is needed because overall there has been little progress.

Sincerely,

Leo L. LaMotte

Public Auditor, CNMI

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Introduction

Background

he provisions of 1 CMC §2307 established the Interagency Audit Coordinating Advisory Group (Coordinating Group) consisting of the presiding officer and minority leader of each house of the Legislature, the Secretary of Finance, and the Special Assistant for Management and Budget. According to the law, the Coordinating Group 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 laws or regulations which it finds necessary or desirable as a result of its work with the Public Auditor.

In 1996, 1997, and 1998, due to the large number of delinquent recommendations, the Office of the Public Auditor (OPA) requested assistance from the Coordinating Group in enforcing auditees' compliance with the audit recommendations. OPA suggested that initially an official from the Governor's Office could be assigned the responsibility to pursue the closure of open and resolved recommendations, especially those that are delinquent. This suggestion had not been considered because the Coordinating Group members did not meet, and therefore no recommendation was made to the Governor.

In early 1999, the Governor appointed the Secretary of the Department of Finance as the Chairperson of the Coordinating Group. The Secretary of the Department of Commerce was also named a member of the Coordinating Group to help pursue closure of open and resolved recommendations. On March 10, 1999, the Governor issued a memorandum advising all Department and Activity Heads to provide assistance to the Coordinating Group in resolving all outstanding recommendations. In an early 1999 meeting, the Group decided to follow up on the actions taken by various government agencies to address OPA's outstanding audit recommendations. This action resulted in the closure of some recommendations during the year. However, more aggressive action is needed because overall there has been little progress.

Audit Recommendation Tracking System

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 or ignored.

Both open and 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.

Status of Audit Recommendations

or the year 1999, OPA issued 14 audit reports to various departments and agencies of the Commonwealth Government, 13 of which set forth a total of 28 recommendations. The 28 additional recommendations made during the year were in addition to the 284 recommendations outstanding at the beginning of the year, making a total of 312 recommendations tracked for the year. Of the 312 audit recommendations, 118 were closed and 194 remained either open or resolved. Of the 194 open or resolved recommendations, 181 were considered delinquent.

The following tables present a comparative schedule of the status of all our audit recommendations (Table 1), and an analysis of the closed recommendations (Table 2) for calendar years 1998 and 1999.

Status of Audit Recommendations	1998	1999	Increase (Decrease)
Number of Audit Reports Issued During the Year	16	13	(3)
Outstanding Recommendations, Beginning of Year Recommendations Made During the Year	199 158	284 28	85 (130)
Total Recommendations Tracked for the Year Less: Closed Recommendations	357 (73)	312 (118)	(45) 45
Outstanding Recommendations, End of Year (Open or Resolved)	284	194	(90)
Number of Delinquent Recommendations	153	181	28

Table 1 - Status of Audit Recommendations

Analysis of Closed Recommendations	1998	1999	Increase (Decrease)
Previous Year's Audits Current Year's Audits	44 29	112 6	68 (23)
Total for the Year	73	118	45

Table 2 - Analysis of Closed Recommendations

Actions taken by the Coordinating Group helped OPA's efforts to close outstanding audit recommendations. Outstanding recommendations were reduced by 32 percent from 284 in 1998 down to 194 in 1999. As the tables above show, OPA closed 118 (amounting to 38 percent) of the 312 recommendations it tracked in 1999, while only 73 (amounting to 20 percent) of 357 recommendations were closed in 1998. Additionally, 112 (amounting to 95 percent) of the 118 recommendations closed in 1999 pertain to previous years' audits.

We have also included in the tracking system recommendations issued by private CPA firms. As of December 1999, we tracked eleven audit reports issued by CPA firms on the internal control structure and compliance with laws and regulations. For these audits, CPA firms made 139 recommendations, 15 of which are closed and 124 remain either open or resolved. Of the 124 open or resolved recommendations, 81 are considered delinquent.

Delinquent Recommendations

Delinquent recommendations increased by 18% from 153 in 1998 to 181 in 1999. This increase in the number of delinquent recommendations is mainly due to the 76 outstanding audit recommendations issued in 1998 which became delinquent in 1999 and the 9 new recommendations issued in 1999. Agencies failed to take action on the recommendations and did not respond to the follow-up letters sent by OPA.

Year	1998	1999	Increase (Decrease)
1994 1995 1996 1997 1998 1999	21 55 22 55 0	18 32 10 36 76 9	(3) (23) (12) (19) 76 9
Total	153	181	28

Table 3 - Delinquent Recommendations

There was some progress in implementing recommendations issued in 1997 and prior years. A total of 57 delinquent recommendations from reports issued from 1994 to 1997 were closed. However, most of those closed were because events overtook the need for the recommendations, rather than agencies acting on them.

Below is a list of agencies with ten or more delinquent recommendations:

			Number of
		Number of Audit	Delinquent
	Agency to Act	<u>Reports</u>	Recommendations
1.	Department of Finance	18	50
2.	Department of Public Safety	1	11
3.	Commonwealth Ports Authority	5	10
4.	Department of Lands and Natural	3	10
	Resources		

Recommendations Involving Recoveries

As of December 1999, there remained 15 referrals (from audit reports) to the Attorney General's Office (AGO), most of which asked for legal action to recover monies improperly disbursed. As shown in the following table, a total of \$869,641 could be recovered if AGO would pursue OPA's recommendations. However, based on an agreement between AGO and OPA, 7 of the 15 referred recommendations which involve the recovery of \$250,820 will not be pursued by AGO for various reasons, and accordingly, will be dropped from OPA's list of outstanding recommendations. As a result, of the total recoverable amount of \$869,641, recovery of \$618,821 will be pursued.

Details and Status of referrals to the AGO As of December 31, 1999

	Report No.	Particulars	Amount to be Recovered	Status per AGO
1	AR-99-04	CNMI - Questionable payments on four professional services contracts (Contract nos. C70180, C70301, C70149, C70220).		AGO to file lawsuit for four contracts enumerated out of five contracts.
2	AR-95-22	MVB - Improper payments to the former MVB Managing Director for damages and loss of wages.		AGO does not intend to take any action.
3	AR-98-06	DOF - Funds misused by the former Secretary of Finance.	100,249	AGO already filed a lawsuit.
4	AR-97-05	CNMI - Promissory note for overpayment of two professional services contracts of the Executive Branch of the CNMI government (Contract nos. C40113 and C50108).	96,100	AGO will pursue 2 contracts enumerated out of seven contracts for settlement.
5	AR-95-12	CUC - Advances, expenses paid twice and improper reimbursements to the CUC Former Executive Director; Hotel expenses of the other CUC travelers.	46,016	AGO does not intend to take any action.
6	AR-95-18	DPL - Double payment of travel expenses and overpaid per diem allowances from DPL cardholders.	45,698	Case is pending in the Superior Court.
7	AR-98-05	GOV - Overpayment of professional services contract of the Former Acting Attorney General (Contract No. C60376).	35,125	AGO does not intend to take any action.
8	AR-95-11	CPA - Unallowable and unsupported credit card charges, <i>i.e.</i> , official representation and entertainment expense and improper charges for hotel accommodations and meals of cardholders.	20,635	AGO sent out demand letters. AGO considers this matter closed.
9	AR-96-06	i i i j		AGO does not intend to take any action.
10	AR-97-01	MARIANAS/HAWAII LIAISON OFFICE - Receivable for funeral expenses of two families and receivable due to NSF check paid by Pan Korea Enterprises.	6,499	AGO does not intend to take any action.
11	LT-98-03	CPA - Settlement of lease expense and cost of salary of the former CPA Deputy Director.	3,000	AGO to decide on civil action to be taken.

	Report No.	Particulars	Amount to be Recovered	Status per AGO
12	12 AR-99-03 TCGCC - Legal action against commissioners on grounds of gross neglect and dereliction of duty.		To be determined in a lawsuit.	AGO to file a lawsuit.
13	13 AR-98-04 MVA - Legal action against current and previous MVA officials.		To be determined in a lawsuit.	AGO does not intend to take any action.
14 LT-98-11 RMO - Cost of hiring 12 personnel in excess of RMO's authorized Full Time Employment ceiling.		To be determined in a lawsuit.	AGO does not intend to take any action.	
DPL - Recovery of rentals due from Ship Ashore and recovery from the former NMSCI President of all payments collected from H&H Enterprise for the subleasing of the Saipan Fishing Center building.		To be determined in a lawsuit.	An informal investigation was conducted. Litigation will be filed.	
	Tota	al Amount of Monies Recoverable	\$869,641	16 audit reports
Amou	unt of monies	for which recovery actions will be taken by AGO	\$618,821	8 audit reports
Amoi AGC		for which no recovery actions will be taken by	250,820	7 audit reports
Total	Amount of M	onies Recoverable	\$869,641	15 audit reports

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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

1. 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),

11/23/99 (DOF), 11/23/99 (DPH), 1/26/99 (AGO), 1/5/2000 (AGO)

Date(s) of response letter(s) received: 8/26/97 (M/HLO), 1/29/97 (DOF), 12/27/99 (DPH), 1/11/2000 (DOF)

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	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	In his December 27, 1999 response, the DPH Secretary stated that the policies and procedures regarding hotel accommodations are found in the Medical Referral Rules and Regulations Section X.5.5. Ticket upgrades will be addressed under Section X.5.3. A list of criteria will be developed by the Medical Referral Committee for inclusion in the mentioned section. We were also provided a memo dated February 10, 1998 regarding funeral service policies. Further Action Needed The response partially addressed the			
				recommendation because we were provided with the funeral service policies. However, to close the recommendation, the DPH Secretary should amend Section X.5.5 on hotel accommodations to state the standard amount of hotel accommodations allowances for patients and escorts. In addition, the DPH Secretary should provide us a copy of Section X.5.3 of the Medical Referral Rules and Regulations on ticket upgrades which should include the criteria developed by the Medical Referral Committee as stated in the response.			
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	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 develop written policies and procedures requiring travel and related extensions to be supported by specific itineraries and dates.			

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				Further Action Needed
				The Secretary of Finance should provide OPA with a copy of these policies and procedures.
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 collection through salary deductions.	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 identify all long-outstanding travel advances granted by M/HLO to government officials and employees, and initiate collections through salary deductions.
				Further Action Needed
				The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.
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	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 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.
				Further Action Needed
				The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.
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 balances of amounts owed by individuals.	DOF	Resolved Delinquent	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 in use by October 1, 1997. The system is also expected to enable the maintaining of detailed accounts receivable balances, as well as automating the billing and posting process. Further Action Needed
				The Secretary of Finance should notify OPA

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				when the new financial management system is already operational, and provide OPA a copy of the manual describing the automated accounts receivable subsidiary module.
a of of fu ar	he Secretary of Finance should assign DOF staff member to verify the status of receivables from two families for suneral expenses amounting to \$2,183 and \$3,316, respectively, and pursue oblication 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.
				Further Action Needed
				The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.
es pr	he Secretary of Finance should stablish written policies and rocedures to resolve and adjust bank econciling 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 ongoing 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.
				Further Action Needed
				The Secretary of Finance should provide OPA with the copy of these policies and procedures.
inn B di A ta of th re A \$1	he Secretary of Finance should astruct the DOF - Reconciliation ranch and the appropriate DOF avision/section (<i>i.e.</i> , Treasury and accounts Payable) to coordinate and the action to facilitate the adjustment of the outstanding reconciling items in the M/HLO operations and medical afterral imprest fund bank accounts. Iso, investigate the status of the 1,000 insufficient funds check of Pan torea Enterprises and pursue ollection, if necessary.	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 a remedy may be limited. Further Action Needed The Secretary of Finance should provide OPA with the results of Reconciliation Section's actions.

Report No. AR-97-11 issued August 12, 1997 Procurement of Professional Services from MBG Management Services, Inc. by the Office of the Special Assistant for Drug and Substance Abuse

Date(s) of followup letter(s) sent : 2/02/98, 9/17/98, 11/23/99

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

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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.	DOF	Open Delinquent	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. Further Action Needed The Secretary of Finance should provide
				OPA copies of the (1) directive instructing DOF-Finance & 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.
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	DOF	Open Delinquent	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.
				Further Action Needed

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

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

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), 4/22/99 (EMO), 11/23/99 (GOV)

(EMO)

Date(s) of response letter(s) received: 4/7/99 (EMO)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3.	As Amended: Amend the Emergency Operation Plan (EOP) to include policies and procedures for the procurement of goods and services under emergency conditions. The EOP should enumerate the specific types of emergencies and conditions where meals can be provided to emergency personnel.	EMO	Resolved Delinquent	On April 7, 1999, the EMO Director responded to the DOF Secretary who referred the response to OPA for evaluation. Based on the response, OPA considered recommendation 3 resolved. Further Action Needed The Director of EMO should provide OPA a copy of the amended Emergency Operation Plan (EOP) which includes the policies and procedures for the procurement of goods and
				services under emergency conditions as enumerated in the EMO September 23, 1996 memorandum.
4.	Require EMO to prepare a financial plan under all circumstances and to submit a list of personnel that will be	Governor	Open Delinquent	The response did not address the recommendation.
	involved in the emergency operations.			Further Action Needed
				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, 11/23/99 (DOF), 1/26/99 1/5/2000 (AGO)

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

	Date(s) of response letter(s) received: None				
	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required	
2.	Recover the \$35,125 in 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.	DOF	Open Delinquent	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.	
				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.	
				Further Action Needed	
				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 full recovery).	
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 Delinquent	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. Further Action Needed	

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.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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 Delinquent	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.
				Further Action Needed
				The Secretary of Finance should provide OPA copies of written policies and procedures limiting advance payments and regulating costs.
5.	Pursue revision of the CNMI Procurement Regulations which had been started and then suspended by the previous administration.	DOF	Open Delinquent	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. Further Action Needed The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations.

Department of Commerce

Report No. AR-95-22 issued December 11, 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, 11/24/99 (MVB), 1/26/99 1/5/2000 (AGO)

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.

Further Action Needed

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. 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), 11/23/99 (DOF) (GOV),

11/24/99 (MVA), 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 1/4/2000 (DOF)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3.	P&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	DOF P&S	Open Delinquent	The DOF Secretary provided us her 1/4/2000 letter to the MVA Managing Director. In the letter, the DOF Secretary reiterated adherence to the procurement regulations when purchasing good and services.
	emphasize that they need to comply with the CNMI-PR when dealing with government agencies.			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.
				Further Action Needed
				The response of the DOF Secretary did not address the recommendation.
				All companies transacting with CNMI government agencies should be familiar with the CNMI-PR without exception. Suspension of the 9 companies (for a limited period as determined by the P&S Director) will put them on notice that the CNMI-PR should be observed and followed in their dealings with the government.
				The P&S Director should reconsider and implement the recommendations.
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	MVA	Open Delinquent	The Managing Director responded that there are existing criteria for selecting a contractor for facility, equipment purchase and service projects. These criteria, however, do not include the services of an advertising company although price and qualification are always a consideration. The MVA Managing Director further stated that, in the future, standard written criteria

Recommendation

Agency to Act

Status

Agency Response/ Additional Information or Action Required

and not through appointment or majority vote of the Board.

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.

Further Action Needed

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.

The Managing Director should reconsider and implement the recommendation.

 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. MVA

Open Delinquent 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 need revision to include provisions important to MVA in order to complement the procurement requirements of foreign countries.

Further Action Needed

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 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&S Division. The procurement methods stated in the CNMI-PR, however, should be retained.

As discussed in the report, promotion and

Recommendation

Agency S to Act

Status

Agency Response/ Additional Information or Action Required

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.

In light of the new legislation, however, we are revising our recommendation that MVA adopt the CNMI-PR. Instead, we recommend that MVA adopt the CNMI or its own procurement regulations consistent with the CNMI-PR.

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&S Director to provide explanation for 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.

MVA Open Delinquent

The Managing Director stated that MVA will arrange with the P&S Division to conduct a future CNMI-PR familiarization workshop for the MVA Board and management.

Further Action Needed

MVA should provide a time frame for completing the workshop and provide copies of written requests or arrangements made with the P&S Division.

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 with the scope of work, and (3) payment contract files which document actions substantiating and reflecting contract payments.

MVA Open Delinquent

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.

Further Action Needed

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.

3. Marianas Visitors Authority (formerly Marianas Visitors Bureau) Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Year Ended September 30, 1999

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.	MVA should implement the use of receiving reports to verify goods or services received.	MVA	Open Delinquent (Outstanding since FY1998 Single Audit)	Provide OPA with actions taken to implement the use of receiving reports to verify goods or services received.
2.	MVA should strive to complete the processing of all contracts and purchase orders prior to accepting goods or services under the contract.	MVA	Open Delinquent (Outstanding since FY1998 Single Audit)	Provide OPA with actions taken to adhere to the CNMI Procurement Regulations as stated in auditee response.

Department of Community and Cultural Affairs

1. Report No. LT-99-08 issued October 26, 1999 Audit and Investigation - Misuse of Resources DCCA - Office of Aging January 1998

Date(s) of followup letter(s) sent : 11/22/99 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 regulating inventory control and accountability of all food stores.	DCCA	Open Active	The DCCA Secretary requested OPA to furnish him the names of employees in question (because these were expunged from the report for confidentiality purposes).
2.	Restrict employees from admittance and/or use of the facilities and vehicles for other than lawful government-approved business or activities.	DCCA	Open Active	In our follow-up, we found that the Office had revised some of the forms regulating inventory control and accountability of all food items from the Office stores, and had restricted custody of keys to the Office
4.	Institute appropriate adverse actions against the Office's former Accountant and Kitchen Supervisor in accordance with personnel regulations.	DCCA	Open Active	kitchen and food stores. The existing procedures were still inadequate, however, because they did not establish inventory balance records where actual counts should be reconciled. Also, pursuant to our recommendation, the former Acting DCCA Secretary proposed an adverse action to terminate the employment contract of the former Accountant. The then-Acting Director of Personnel reviewed and supported the proposed adverse action. The proposal, however, did not materialize. Nevertheless, the former Accountant resigned/retired effective August 29, 1998. With regard to the Kitchen Supervisor, he was neither removed (which was the appropriate penalty for participating in the misuse of government properties based on personnel regulations) nor reprimanded.

On August 12, 1998, a criminal case covered by this investigation was referred to the Attorney General's Office (AGO). On August 13, 1998, the suspect was charged in a criminal case concerning another violation of criminal law for theft of payroll, which was covered by a separate OPA investigation.

Recommendation

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Status

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Although no criminal case was filed on the charges covered by this investigation, the former Accountant entered a plea of guilty on one count of Misconduct in Public Office (6 CMC § 3202) for directing another to use a government vehicle for private, nongovernmental purpose (one of the charges in this investigation), in conjunction with her guilty plea for theft of payroll in CNMI Criminal Case No. 98-323B. Also, the total amount of restitution by the former Accountant in that Criminal Case of \$4,230.40 was increased by \$200 to charge the value of theft of food items disclosed in this investigation. Based on available documents, restitution payments of the former Accountant totaled \$2,000.

Further Actions Needed

Recommendation 1 - Provide OPA a copy of the written policies and procedures.

Recommendation 2 - Provide OPA a copy of written instruction to the Office of Aging employees.

Recommendation 4 - Provide OPA a copy of the document evidencing institution of appropriate adverse action (i.e., removal) against the Kitchen Supervisor.

Department of Finance

Recommendation

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, 11/23/99

Date(s) of response letter(s) received : 10/22/98, 12/18/98, 2/10/99

	Recommendation	to Act	Status	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 Delinquent	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 with pay period #1 in calendar year 1999. However, on 2/10/99 the DOF Secretary directed a suspension of payroll deductions from the Technical Financial Analyst pending resolution of his case with the Civil Service Commission.

Status

Agency

Further Action Needed

Provide OPA a copy of results of case filed with the Civil Service Commission.

Agency Response/

2. 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 : 11/23/99 (DOF), 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 1/20/2000 (AGO)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	As Redirected to AGO - Take legal	AGO	Closed	On January 20, 2000 the AGO filed a lawsuit

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	action against the former Secretary to recover the amount of funds misused. Require the former Secretary of Finance to return public funds he misused totaling \$100,248.66. Of this amount,			against the former DOF Secretary primarily for misuse and misappropriation of public funds for private purposes. We were provided a copy of the lawsuit.
	\$47,836.70 is immediately recoverable and \$52,411.96 is recoverable unless			Further Action Needed
	adequately justified or supported by the former Secretary.			Action to recover the funds misused will be taken by the AGO.
2.	As Redirected to AGO - Prosecute the former Secretary for misconduct in public office.	AGO	Closed	
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 Delinquent	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. Further Action Needed The Secretary of Finance should provide OPA a copy of the adopted policies and procedures on official representation.

3. Report No. LT-99-09 issued November 2, 1999 **Department of Finance Audit of Government Revenues from the CNMI Lottery Operations** For the Third Quarter of Fiscal Year 1998 Ending June 30, 1998

Date(s) of followup letter(s) sent : 11/23/99 Date(s) of response letter(s) received: None

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	Instruct the DOF Finance and Accounting Division to prepare the necessary adjustments to the CNMI Lottery bank and revenue account to correct the reconciling items noted by the audit.	DOF	Resolved Active	The Secretary of Finance concurred with all the recommendations and provided OPA copies of letters issued, deposit slip received, and adjusting journal entries and draft proposed policies and procedures developed to address the recommendations.
3.	Address our pending recommendations relating to the development and implementation of written procedures and monitoring log sheets by DOF, Numbers International Lottery (NIL), and Just For Fun (JFF), to ensure that tickets printed and issued to agents are controlled and that sold and unsold tickets are accounted for on a regular basis.	DOF	Resolved Active	Recommendation 2 - Provide OPA copies of the remaining journal entries to adjust the reconciling items noted by the audit. Recommendation 3 - Provide OPA a copy of the final policies and procedures and copies of documents from NIL and JFF evidencing implementation of the policies and procedures.

Department of Lands and Natural Resources

Report No. AR-95-16 issued September 21, 1995 Review of Internal Controls of the Department of Lands and Natural Resources

: 7/16/96,11/29/96,12/3/96, 2/02/98, 9/18/98, 11/23/99 Date(s) of followup letter(s) sent

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.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7.	The Secretary of DLNR should issue a directive requiring the Forestry Section to comply with the Forestry Resources Protection Regulations, as follows: (a) prepare a written recommendation to approve or deny application for permits, (b) document inspections with written reports, and (c) release forestry permits only after the permit has been signed by both the applicant and the Secretary of Lands and Natural Resources.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive requiring Forestry Section to comply with the 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),

11/23/99 (DLNR), 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 11/14/95, 6/27/96, 4/4/97 (AGO), 9/11/97, 4/20/98 (AGO), 3/17/99

10/21/99 (DPL), 1/20/2000 (AGO)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	Original: -The Secretary of DLNR should require the cardholders to reimburse MPLC for all the	DPL/AGO	Resolved Delinquent	On September 11, 1997, the Director of DPL informed OPA that the Attorney General's Office filed a lawsuit against three

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	unallowable and unsupported credit card charges, unless they can specifically identify the charges with MPLC official business and present supporting documents. If necessary, the Secretary of DLNR and the Director of DPL should seek the assistance of the Attorney General to			cardholders, <i>i.e.</i> , former Executive Director, Comptroller, and Tinian Board member, whereas the other two cardholders, <i>i.e.</i> , Rota Board member and Board Chairman, signed a promissory note with the AG's office for monthly payments to be sent to the Division of Public Lands.
	recover the personal, unallowable, and unsupported credit card charges from the cardholders.			As of October 21, 1999, the Rota Board member has a balance of \$20,473.29 and the former Board Chairman has a balance of \$12,721.84 on the promissory notes.
	As Revised and Redirected to the Attorney General's Office: 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.			On January 20, 2000 the AGO responded that the case filed against the former Tinian Board member will be settled for \$11,657. The case against the former Comptroller is still on-going. However, the attorney for former Comptroller withdrew from the case. The trial is set for May 2000. The case
2.	<i>Original:</i> The Secretary of DLNR should recover from the cardholders the amount of \$45,698.	DPL/AGO	Resolved Delinquent	against the former Executive Director is ongoing and both sides have entertained settlement discussions.
	As Revised and Redirected to the Attorney General's Office: The Attorney General's Office should take appropriate actions (i.e., file a lawsuit) to recover from the cardholders the amount of \$45,698.			Further Action Needed Recommendations 1, 2 and 4 - DPL should provide OPA the ledgers for the two cardholders who signed the promissory notes until full amount has been collected.
4.	Original: 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.	DPL/AGO	Resolved Delinquent	AGO should provide OPA a copy of the settlement agreement with the former Tinian Board member and copy of lawsuits filed against the former Comptroller and Executive Director.
	As Revised and Redirected to the Attorney General's Office - The Attorney General's Office should take appropriate actions (i.e., file a lawsuit) to recover improper representation expense charges from the former Executive Director.			
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	DPL	Resolved Delinquent	The DPL Director responded on March 17, 1999 that the Board of Public Lands deferred the approval of the proposed procedure on "Official Representation" by the expenditure authority.

Recommendation Agency **Status** Agency Response/ to Act Additional Information or **Action Required** Further Action Needed the manner in which they should be documented to ensure that the expenses are reasonable and incurred in the best The Secretary of DLNR and the Director of interest of the CNML DPL should provide OPA a copy of the written policies and procedures. 6. The Secretary of DLNR should instruct DPL Resolved On October 21, 1999, DPL provided OPA the current Comptroller to determine with a copy of the subsidiary ledger it Delinquent the correct balance of the travel maintained to monitor payments of the advance account, and forward advances promissory notes of the two cardholders. As not reimbursed to DOF for collection. of October 1999, the former Board Chairman The remaining travel advance balances (one of the two cardholders) had a balance of of cardholders/travelers still working \$20,473.29, while the former Rota board with the Government should be member (the other cardholder) had a balance of \$12,721.84 on the promissory notes. recovered through salary deduction. For employees/officials who no longer work for the Government, the assistance Further Action Needed of the Attorney General should be sought to collect the outstanding The Secretary of DLNR and the Director of balances. DPL should provide OPA proof (i.e., official receipts) of collection from the two cardholders who pay directly to DPL monthly until the full amount has been paid.

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, 4/21/99, 11/23/99 Date(s) of response letter(s) received : 12/4/96, 12/12/96, 9/11/97, 2/25/99, 3/17/99

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	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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.	DLNR	Open Delinquent	On February 25, 1999, the DPL Director responded that effective October 1, 1998, new receivable subsidiary ledgers were created which contain current transactions through the acquisition of Peachtree accounting software. However, prior period transactions in the old subsidiary ledgers need to be analyzed and reconciled.
	TOO TOO TO THE TOTAL OF THE TOT			Further Action Needed
				We will monitor the progress of the accounts receivable ledger reconciliation to ensure that

Recommendation

Recommendation

Agency to Act

Status

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it will eventually address our recommendation.

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, 11/23/99, 1/26/99 1/5/2000

Resolved

Delinquent

(AGO)

Agency

Date(s) of response letter(s) received : 4/4/97(AGO), 9/11/97, 3/10/98 4/20/98 (AGO), 1/20/2000 (AGO)

		to Act
1.	Original: - 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 & 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.	DLNR - Redirected to the Attorney General's Office
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As Revised and Redirected to the Attorney General's Office: 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 & 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.

Status Agency Response/
Additional Information or
Action Required

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.

On January 20, 2000 the AGO responded that it does appear that some recovery action is warranted. However, further investigation is required to determine who should be named in a lawsuit. If ever litigation is to be filed, probable filing date will be February or March of 2000.

Further Action Needed

To consider the recommendation closed, the Attorney General's Office should provide OPA with a copy of the results of its investigation to determine who should be named in a lawsuit. If litigation is filed, AGO should provide OPA a copy of the lawsuit.

Department of Public Health

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, 11/23/99

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 would 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. 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), 11/23/99

(DOF), 11/29/99 (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 would 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 the most appropriate means 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

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				Rota Resident 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 would 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.
				Further Action Needed
				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.
				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 by directing the Resident Department Head of Finance to take the required action.
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	The Secretary of Finance responded that he would 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.
				Further Action Needed
				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.
5.	The Mayor of Rota should consider what administrative sanctions should be applied for violation of the ethical standards.	RMO	Resolved Delinquent	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

Agency to Act

Status

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

justification, and allow DOF to judge fairly if the RHC Director should be paid for her machine.

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.

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.

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

: 7/09/97, 2/09/98, 9/10/98, 9/10/98 (DPH), 9/17/98 (DOF), 10/23/98 (DDC), Date(s) of followup letter(s) sent

11/23/99 (DPH) (DOF)

Date(s) of response letter(s) received: 1/13/98, 2/24/98 (DPH), 9/9/98 (DOF), 9/14/98 (DDC), 12/16/99 (DDC)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3.	As Revised and Redirected to DOF: 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 the Executive Director. 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.	DOF	Resolved Delinquent	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.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				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.
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	DPH	Resolved Delinquent	The Secretary of Public Health concurred that a memorandum will be issued to all Division Directors.
	admonishing the former Secretary of Public Health and OMB officials for violating the CNMI Planning and Budgeting Act.			On December 16, 1999, the Developmental Disabilities Council (DDC) Executive Director responded that they did not receive any memorandum from the DPH Secretary.
				Further Action Needed
				The DPH Secretary should provide OPA with a copy of the memorandum.
7.	Original - 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. As Revised and Redirected to DOF- The Secretary of Finance should bill the former Executive Director for the remaining balance owed of \$764.40.	DOF	Resolved Delinquent	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 revert back to the Department of Public Health, with a balance of \$764.40 for collection by the Department of Finance.
				Further Action Needed
				The Secretary of Finance should bill the former Executive Director for the remaining balance owed of \$764.40.
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.	DPH	Resolved Delinquent	On December 16, 1999, the DDC Executive Director responded that the Developmental Disabilities Assistance and Bill of Rights Act of 1994 did not specifically mandate that the Designated State Agency coordinate the activities or perform periodic review of DDC.
				Further Action Needed
				In view of the many improprieties noted in the audit of the DDC, it is OPA's opinion

Recommendation Agency Status Agency Response/ to Act Additional Information or **Action Required** that oversight by DPH is necessary to be determined by the Secretary of DPH, not DDC. Therefore, OPA is pursuing its recommendation that the DPH Secretary should establish a process for coordinating the activities of DDC. DPH Resolved On December 16, 1999, the DDC Executive 14. The Secretary of Public Health should enforce compensation of the DDC Delinquent Director responded that although the Executive Director as a division director findings of OPA was concurred by the legal and not as a department or agency head. opinion of the AGO, DDC and its federal grantor still disagree with the recommendation. It is the opinion of DDC that the redesignation of DDC from being an agency under the Office of the Governor to being under DPH is a clear violation of the 1994 amendment of the DD Act. DDC and its federal grantor believes that DDC has the independent authority to operate as an agency with its own staff. Further Action Needed In view of the many improprieties noted in the audit of the DDC, it is OPA's opinion that oversight by DPH is necessary to be determined by the Secretary of DPH, not

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

: 9/17/98 (DOF), 9/21/98 (DPH), 11/23/99 (DPH) (DOF) Date(s) of followup letter(s) sent

Date(s) of response letter(s) received: 12/27/99 (DPH) (DOF)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	The Secretary of Public Health instruct the Medical Referral Officer to document the negotiations with Straub through a	DPH		On December 27, 1999, the DPH Secretary responded that Straub is reviewing the Memorandum of Understanding.

DDC. Therefore, OPA is pursuing its recommendation that DDC should be considered a program or at most a division level of DPH because of its organization as

well as its functions.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	Memorandum of Understanding.			Further Action Needed
				The Secretary should submit a copy of the Memorandum of Understanding to OPA upon completion.
2.	The Secretary of Public Health instruct the Medical Referral Officer to reflect the \$19,892 adjustments in its reconciliation	DPH	Resolved Delinquent	On December 27, 1999, the DPH Secretary responded that the \$19,892 adjustment is under review by Straub.
	schedules, and update Straub on the current status of the reconciliation by providing it copies of the adjusted			Further Action Needed
	reconciliation schedules.			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 Delinquent	On December 27, 1999, the DPH Secretary responded that this request is already included in the Memorandum of Understanding under review by Straub.
	\$414,027 in unprocessed claims.			Further Action Needed
				The Secretary should submit a copy of the Memorandum of Understanding to OPA upon completion which includes the results of review of the \$414,027 in unprocessed claims.
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 Delinquent	On December 27, 1999, the DPH Secretary responded that this request is already included in the Memorandum of Understanding. under review by Straub.
				Further Action Needed
				The Secretary should submit a copy of the Memorandum of Understanding to OPA upon completion which includes results of the review of the necessary adjustments as stated in our recommendation.
5.	The Secretary of Public Health should instruct the Medical Referral Office to adopt measures to prevent the recurrence of disagreements over long outstanding claims. For example, MRO can perform	DPH	Resolved Delinquent	On December 27, 1999, the DPH Secretary responded that a new database system was installed and became operational at the beginning of fiscal year 1998.
	reconciliation procedures on a quarterly basis.			Further Action Needed
				The Secretary should document the above

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				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	Resolved Delinquent	The Secretary of Finance responded on 12/27/99 that DOF needs to verify the claims because its records showed that a total of \$1,035,000 has been paid to Straub in FY 1998 and \$123,000 in FY 1999. The \$114,772 in claims may have been included in the \$1,035,000 payment.
				Further Action Needed
				Provide OPA results of verification to determine if the \$114,772 in processed claims has been paid.
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	Resolved Delinquent	The Secretary of Finance responded on 12/27/99 that the Treasurer developed a procedure with the MRO so that Treasury staff will attach a copy of the claim to the check before it is mailed to the vendor. This procedure was documented in a memorandum to the Treasurer instructing the staff to process payments based on the procedure. Further Action Needed
				Provide OPA a copy of the memorandum issued to the Treasurer.

5. Report No. LT-99-06 issued August 18, 1999 Audit of DPH's Granting of Unequal Salaries to Social Worker Employees

Date(s) of followup letter(s) sent : 11/23/99 (DPH), 11/26/99 (OPM) Date(s) of response letter(s) received : 12/20/99 (OPM), 12/22/99 (DPH)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	The Secretary of Public Health should prepare the necessary adjustments to	OPM	Resolved Active	On December 20, 1999, the Director of Personnel Management responded that she

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	correct the salaries of the three social worker employees whose salaries exceed the rates provided by the regulations.			does not consider corrective action to the salaries of two of the three social worker employees to be necessary or appropriate.
				The Director identified the lack of documentation in justifying the original hiring salaries of the two employees to be the main problem. However, this deficiency has been corrected by the DPH Secretary's September 16, 1999 letter to the OPM Director which provided explanations and justifications for the hiring of two of the three employees in question.
				The response did not mention action taken on the other one of the three employees in question.
				Further Action Needed
				Provide copy of action to be taken on the other one of the three employees in question.
3.	Ensure that DPH employees are compensated equitably. The salaries of the three social worker employees should be adjusted to reflect the appropriate salaries based on their qualifications and responsibilities.	DPH	Resolved Active	The DPH Secretary provided us with a 12/22/99 memorandum from the Director of the Division of Mental Health and Social Services. In the memorandum, the Director expressed his concern about the negative consequences that might occur if the Division were to comply with the recommendation. In addition, the DPH Secretary in a letter to the OPM Director dated September 16, 1999 provided explanations and justifications for the hiring of two of the three employees in question.
				The response did not mention action taken on the other one of the three employees in question.
				Further Action Needed
				Provide copy of action to be taken on the other one of the three employees in

question.

Department of Public Safety

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,

11/23/99

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 will not be involved in the processing of drivers' license.	DPS	Resolved Delinquent	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 drivers' license supervisor was instructed not to be involved in the processing of licenses.
				Accordingly, the Commissioner of DPS should provide (1) amended duties and responsibilities where employees performing review and approval functions would not be involved in the processing of drivers' licenses, and (2) target implementation date.
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	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.
6.	The Director of BMV should develop written procedures and implement a	DPS	Resolved Delinquent	The Commissioner of DPS should provide OPA (1) a copy of the written procedures

	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.			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 where 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, (b) stop the practice of assigning "00" or "01" extension numbers to duplicate drivers' license numbers, and (c) correct the duplicate and erroneous drivers' licenses by assigning the next numbers in the series where 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 member should be required to document the reason for the changes made to the computer file and on the drivers' 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 database program for drivers' licenses to allow the accumulation of historical data.	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
13. The Commissioner of DPS should require the CJIS programmer to modify the driver's license database 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 drivers' license cards. The data should be automatically added by the program to the database 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,
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 database file with the manual logbook, and (c) requiring inquiry of vehicle registrations using the computer after the database 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 would 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 would 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 the CJIS, (c) filing of registration documents on a daily basis, and (d)	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 wiould begin implementation in early February of 1997.

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

preparation of a daily transaction report by the CJIS that should be compared to the vehicle registration documents at the BMV.

2. 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, 11/23/99

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 Procurement Regulations, which would (a) require that purchase requisition for items that are expensive (perhaps \$10,000 and above) and need to be attested by a technician should be signed by such staff, and (b) restrict sole source procurement to only when both local and off-island suppliers have been considered and surveyed by the requisitioning agency.	DOF	Open Delinquent	DOF needs to clarify the definition of sole source and the procedures for checking 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.

Department of Public Works

1. 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, 11/23/99

Date(s) of response letter(s) received : 2/29/96, 3/4/96, 7/26/96, 12/20/96

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	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	The Director of Procurement and Supply responded that he would issue a directive to the Secretary of DPW mandating him to comply with the CNMI Procurement Regulations in all future A&E services procurement.
				Further Action Needed
				The Director of Procurement and Supply should provide OPA a copy of the directive.
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	The Director of Procurement and Supply stated in his response that adequate documentation of all bid and proposal evaluation is now an ongoing practice at DPW. However, he will re-enforce this requirement by participating and scrutinizing all bid and proposal evaluations. Further Action Needed
				Tuttiet Action Needed
				The Director of Procurement and Supply should provide OPA a copy of the directive

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.



Municipality of Saipan

Report No. LT-99-02 issued January 27, 1999
 Audit of Time and Attendance at the
 Saipan Mayor's Office Administrative Division and Mechanic Shop May 22 and May 29, 1998

Date(s) of followup letter(s) sent : 11/29/99 Date(s) of response letter(s) received : None

Recommendation	to Act	Status	Agency Response/ Additional Information or Action Required
Comply with the CNMI Personnel	OMO	Dasalwad	The Mayor disagreed with the

 Comply with the CNMI Personnel Policies and the FLSA by disallowing the accumulation and use of compensatory time by executive, professional, and administrative employees. SMO Resolved

The Mayor disagreed with the Delinquent recommendation to comply with the CNMI PSSRR and cited Civil Action 91-32. It was argued in Civil Action 91-32 that the Mayor's office is not within the Executive Branch and therefore not within the authority and scope of the Civil Service Commission. The Mayor concurred with the part of the recommendation to disallow compensatory time for administrative, professional and executive employees except when employees are required to perform other duties not within their job description. The Acting Chief Administrative Officer explained that if the recommendation is implemented, SMO will not allow overtime to FLSA-exempt employees but will authorize exceptions such as during the Annual 4th of July celebration where exempt employees will be allowed to accrue compensatory time.

OPA agrees that SMO is not within the authority of the Civil Service Commission; however, we still believe that as a part of the CNMI government, SMO should establish personnel policies and procedures consistent with the CNMI Personnel Policies and the FLSA.

Civil Action 91-32 does not prohibit SMO from implementing personnel policies and procedures which are the same as those established by the CNMI Government. We therefore amend our recommendation to add that the Mayor may make exceptions in granting compensatory time to overtime-exempt employees. However, accrual of

Agency to Act

Status

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

compensatory time should be at the regular rate, not at the time-and-one-half rate.

Further Action Needed

SMO should provide OPA with a copy of its written policy for making exceptions in granting compensatory time to FLSAexempt employees at the regular rate and not at the time-and-one-half rate.

Municipality of Rota

1. 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, 11/23/99 (DOF), 1/26/99 1/5/2000 (AGO) 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 the need for 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 owned 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 the Procurement Regulations and the Ethics in Public Contracting section. Further Action Needed The Director of Procurement and Supply should provide OPA with a copy of the directive.
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	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. Further Action Needed The Secretary of Finance should provide OPA with a copy of these policies when completed.
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	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 for the employee taking leave without pay.

Further Action Needed

Recommendation Agency Status Agency Response/ to Act Additional Information or **Action Required** 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 taking leave without pay. **DOF** Resolved 15. The Secretary of Finance should require The Acting Secretary of Finance responded the timely review of all encumbrances. Delinquent that DOF was are already in compliance with The Office of the Mayor, in conjunction the recommendation, per memorandum with DOF, should review long dated June 6, 1995. According to him, it is outstanding encumbrances and each Department's responsibility to notify deobligate all POs and TAs that are no DOF when an encumbrance should be longer valid. For those travel advances deobligated. He added that DOF provides a found to be still outstanding, DOF report of open encumbrances to all should pursue collection from the departments on a monthly basis with a travelers by properly notifying travelers request to review and liquidate or deobligate with overdue and long outstanding as appropriate. At the end of each fiscal advances and subsequently initiating year, DOF deobligates non-travel payroll deductions. encumbrances more than two years old, and keeps travel-related encumbrances open until they are liquidated through a travel voucher or payroll deduction. Further Action Needed DOF should provide OPA a copy of the results of the review and actions taken.

2. Report No. LT-98-11 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 : 11/23/99 (LEGBUREAU), 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 3/25/99 (RMO), 6/14/99 (OPM)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4.	The CNMI Legislature should enact legislation to clarify the issues relating to "FTE vacancies" and "transfers."	Legislature	Open Delinquent	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, 11/23/99

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 vehicles and bringing disciplinary actions against offending officials or employees.	DOF	Open Delinquent	The Secretary of Finance should inform OPA which DOF office is designated to implement government vehicle regulations, and provide OPA copy of procedures.
3.	The Secretary of Finance should recover from responsible officials of the Tinian Mayor's Office the \$1,000 paid to Joeten Motors Company, Inc	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, 11/23/99

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 shown in their records at least on a weekly basis, because 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.
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	DOF	Resolved Delinquent	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)

Agency to Act

Status

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

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.

a copy of the inventory results and actions taken.

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CNMI-Wide Audits

Single Audits
Compliance with Laws and Regulations

CNMI-Wide Audits

1. CNMI Single Audit

Independent Auditors' Report on Internal Control Structure and on Compliance Year Ended September 30, 1998

Date(s) of followup letter(s) sent : 12/12/96, 2/09/98, 11/23/99 (DOF) (DPH) (DPL) (DPW) (Medicaid), 11/24/99

(NAP) (NMHC)

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), 12/28/99 (DPH)

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	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Rei	venue/Receipts			
2.	The Division of Revenue and Taxation should indicate review of the Cashier's Daily Reconciliation Reports (CDRRs) against the validated deposit slip and investigate any discrepancies in a timely manner.	DOF - Division of Revenue and Taxation	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	According to DOF, existing DRT procedures regarding balancing and review of CDRRs have been reemphasized with the staff. Non-Resident Worker Fee Fund cash receipts are issued at the Department of Labor and Immigrations (DOLI), not at DRT. The Acting Treasurer will issue a memo to DOLI reemphasizing proper completion of CDRRs.
				Further Action Needed
				Provide OPA copy of memo reemphasizing proper CDRR completion procedures to staff and the November 1999 Treasurer's memo issued to DOLI, as stated in auditee response.
3.	The Division of Customs Service should enforce its tax assessment and cash receipt procedures.	DOF- Division of Customs Service	Open Active	According to the Customs Division, the unposted and misposted receipts noted in the finding occurred when cash receipts were still being reentered manually in the Financial Management System (FMS). Since January 1999, Customs Division receipts have been automatically uploaded to the FMS so errors of this nature should no longer occur.
				Further Action Needed
				Provide OPA copy of actions taken by the Customs Division management to emphasize to its staff proper assessment

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				and cash receipting procedures as stated in auditee response.
4.	The Division of Customs Service should maintain tax calculation sheets to support tax assessments.	DOF- Division of Customs Service	Resolved Delinquent Outstanding since FY 1994 Single Audit)	Provide OPA copy of actions taken by the Customs Division management to reemphasize with the staff the policy of retaining all supporting documentation with the cash receipt copy, as stated in auditee response.
5.	The Division of Treasury should comply with established policies and procedures regarding the completeness and validity of cash collections.	DOF- Division of Treasury	Open Active	According to DOF, a staff person has been assigned to review the audit findings and a report will be submitted to the Secretary of Finance detailing results of the review.
				Further Action Needed
				Provide OPA copy of report submitted to the Secretary of Finance detailing the results of the review of the audit finding, as stated in auditee response.
6.	CHC should adhere to established policies and procedures for the recording of cash receipts.	DPH - CHC	Resolved Active	Based on the response on 12/28/99, DPH and DOF are coordinating efforts to prepare policies and procedures for the CNMI-wide cash receipt system.
				Further Action Needed
				Provide OPA copy of updated policies and procedures supporting the new Cash Receipt System implemented in October 1999, and actions taken to monitor adherence to these revised policies and procedures.
Pui	rchases/Disbursements			
7.	DOF should ensure that all expenditures are evidenced by approved purchase requisitions, purchase orders, and accounts payable vouchers, and that they are recorded in the correct fiscal period.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of actions taken to reemphasize with the staff proper filing and documentation procedures as stated in auditee response.
8.	DOF should ensure that expenditures are properly classified within the general ledger.	DOF	Open Active	According to DOF, the method of posting allocated Federal/Local share of project expenditures was changed with the new FMS.999

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				Further Action Needed
				Provide OPA copy of actions taken to ensure proper classification of expenditures within the general ledger such as the results of the review and adjustments of allocations, as stated in auditee response.
9.	The CNMI should comply with future matching requirements and ensure that they are recorded within the books of account.	DOF	Open Active	According to DOF, the local share was waived and was made available and entered in FMS as budget entries.
	uccount.			Further Action Needed
				Provide OPA copy of audit adjustments made in FY98 to comply with the matching requirements, as stated in auditee response.
Paj	yroll			
10.	DOF should maintain documentation evidencing 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 Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of actions taken to investigate and work with the software vendor on the minor differences between the payroll distribution report fringe benefit amounts and the entries generated to the accounting module, as stated in the auditee response.
Ext	ernal Financial Reporting			
11.	OMB should develop a budget strategy in order to finance the deficits within the Human Resources Development Trust Fund (HRDTF) and the Commonwealth Alien Deportation Fund (CADF).	DOF	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	Provide OPA copy of budget strategy developed to finance the HRDTF and CADF deficits.
12.	DOF should correctly report Agency funds of the CNMI.	DOF	Open Active	According to DOF, if they are now required to make physical entries to reflect the restatement of agency funds, they will comply.
				Further Action Needed
				Provide OPA copy of accounting entries made on the CNMI's books to reflect restatement of agency funds as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
13.	The CNMI should conform with GASB Statement No. 14 by obtaining audited financial statements of the following entities: Commonwealth Government Employees Credit Union, Northern Marianas College and Public School System, for inclusion within the general purpose financial statements.	DOF	Open Active	According to DOF, OPA has been working with the autonomous agencies to ensure that CNMI component units have audits performed on an annual basis. Further Action Needed Provide copy of actions taken to bring annual audits current.
Cas	sh and Cash Equivalents			
14.	DOF should reconcile all bank accounts to the general ledger on a monthly basis and record resulting adjustments in a timely manner.	DOF - Treasury and Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	Provide OPA copy of up to date general and payroll account reconciliations, as stated in auditee response.
15.	DOF, through the Division of Public Lands, investigate the nature of this unrecorded withdrawal.	DOF - Treasury and DPL	Open Active	According to DPL, they will coordinate investigation of the unrecorded withdrawal with Treasury. Further Action Needed Provide OPA copy of results of investigation of unrecorded withdrawal, as stated in auditee response.
16.	DOF should ensure that all bank deposits to imprest funds are made in a timely manner, and that check vouchers from imprest funds are issued in sequential order.	DOF - Treasury and Finance and Accounting. Division	Open Active	According to DOF, Treasury will ensure that all Imprest Fund replenishments are processed and deposited in a timely manner. Further Action Needed Provide OPA copy of actions taken to ensure that Imprest Fund replenishments are processed and deposited in a timely manner, and to follow up unrecorded vouchers with the Rota Imprest Fund custodian, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Red	ceivables			
17.	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 1995 Single Audit)	Based on the 12//28/99 response from DPH, funding problem is causing the delay in upgrading the billing and collection processing. Further Action Needed
				Provide OPA an update of the status of actions taken until full implementation of a modern billing and collection system that will address the recommendation.
18.	DOF 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)	Provide OPA an update of the status actions taken to establish automated sub ledgers for all general ledger receivable accounts as stated in auditee response.
19.	DOF should review all outstanding receivables from federal agencies for propriety and collectibility.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of results of review of grant receivable balances, as stated in auditee response.
20.	DPL should review receivable balances and forward overdue accounts to the Attorney General's Office for collection.	DPL	Open Active	According to DPL, overdue and disputed receivables are now being reconciled, and procedures were revised so that overdue accounts are coordinated with the Enforcement section for legal action. Further Action Needed
				Provide OPA copy of reconciled overdue and disputed receivables coordinated with the DPL Enforcement Section for legal action as stated in auditee response.
21.	DOF should obtain a written agreement from the TCGCC indicating its obligation to repay the funds advanced and the time frame for repayment.	DOF	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of written repayment agreement with the TCGCC, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Aa	vances			
22.	DOF should establish policies and procedures requiring the monitoring and reconciliation of advances to vendors in a subledger on a regular basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, the method of recording vendor advances has been changed as recommended by the software vendor. DOF will review the current balance and make the necessary adjustments. The anticipated completion date for the work will be by FY2000.
23.	DOF should review all advances outstanding for more than one year, evaluate their collectibility, and write off any amounts deemed uncollectible.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, automated subledgers by traveler for travel advance accounts have been implemented, and they are reviewing and clearing old balances. The anticipated completion date for the work will be by FY2000.
Inv	rentory			
24.	CHC should establish policies and procedures to ensure timely reconciliation of the physical inventory count to the general ledger inventory balances.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DPH, they are aware of the problems with the inventory accounts and will work with DOF to correct the discrepancies. The anticipated completion date for the work will be by May 2000.
25.	DPH should budget sufficient funds to repair and adequately maintain the CHC storage facility.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1995 Single Audit)	According to DPH, funds will continue to be requested through appropriation and allotment process to repair or replace the current facility. DPH should provide OPA actions taken to acquire funds for adequate repair and maintenance of the storage facility.
26.	DPH should ensure that all inventory belonging to the Division of Material Management is properly segregated to prevent inclusion with valid inventory items.	DPH- CHC	Resolved Active	According to DOF, total segregation of non-inventory and inventory stock may not be possible due to the condition of the present storage facility. However, promotional and donated items are being accounted for by the Storage Facility. Further Action Needed Provide OPA copy of actions taken to account for promotional and donated items, as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Property and Equipment			
27. 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 by December 2000.
Accounts Payable			
28. DOF should reconcile accounts payable balances with a supporting subsidiary ledger on a monthly basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	According to DOF, they will continually review and adjust A/P balances in the detail voucher records. Reconciliation procedures will be developed to reconcile accounts payable balances on a monthly basis. The anticipated date of completion for the work will be by FY 2000.
Deposits Payable			
29. DOF should reconcile deposits payable to a subsidiary ledger on a monthly basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, general ledger balances will be adjusted to the supportable detail. The anticipated date of completion for the work will be by FY 2000.
Other Liabilities and Accruals			
30. DOF should establish procedures to ensure the proper recording of accrued wages payable.	DOF - Finance and Accounting Division	Open Active	According to DOF, the accrual difference appears to have originated in the conversion of balances to the new FMS in FY97.
			Further Action Needed
			Provide OPA copy of adjustments made for the accrual difference as stated in auditee response.
Deferred Revenues			
31. DOF should prepare a detailed subledger of deferred revenues by project and ensure that these revenues are reconciled with the general ledger on a timely basis.	DOF - Finance and Accounting Division	Open Active	According to DOF, a subsidiary ledger was made available for review but did not agree with the deferred general ledger balance.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				Further Action Needed
				Provide OPA copy of results of investigation and adjustments made for the difference, as stated in auditee response.
Fui	nd 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, it is correcting the effects of multiple FY97 conversion problems relating to encumbrances. The anticipated date of completion for the work will be by FY 2000.
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 Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of completed quarterly reports for FY99 showing all FMS corrections made, as stated in auditee response.
C٨	IMI Local Noncompliance			
34.	DOF should ensure that sufficient documentation is obtained and periodically updated to demonstrate full compliance with the requirements of public law.	DOF - Treasury	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	Provide OPA copy of updated agreements with the two banks in December 1999, as stated in auditee response.
	deral Awards Findings and Juestioned Costs Section			
35.	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 Delinquent Outstanding since FY 1997 Single Audit)	Provide OPA copy of procedures adopted for monitoring contractors, to ensure compliance with the Davis-Bacon Act.
36.	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 1995 Single Audit)	Provide OPA copy of procedures adopted for monitoring contractors, to ensure compliance with the Davis-Bacon Act.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Procurement and Suspension and Debarment			
37. The CNMI should comply with OMB Circular A-102 with respect to the procurement guidelines. [US Department of Transportation/ Highway Planning and Construction/ CFDA #20.205]	DPW - TSD	Open Active	According to the DPW-TSD Director, the finding is the result of documents not having been located and not from failure to follow procurement guidelines. Further Action Needed Provide OPA copy of unlocated documents to verify compliance with procurement guidelines.
38. 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]	DPW - TSD and DOF - P&S	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of procedures implemented to ensure that all procurement decisions are documented in their files.
Allowable Costs/Cost Principles			
40. DPW should comply with the Common Rule by establishing and implementing 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 - TSD	Resolved Delinquent (Outstanding since FY 1994 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.
Cash Management			
41. DOF should reconcile the NAP bank account with the general ledger on a monthly basis and the resulting adjustments should be posted in a timely manner. [Nutrition Assistance CFDA #10.551]	DOF - Finance and Accounting	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of reconciliation of the NAP bank account by FY2000, as stated in auditee response.
42. DOF should issue a memorandum instructing the Division of Treasury to adequately monitor the NAP checking account. [Nutrition Assistance CFDA #10.551]	DOF - Treasury	Open Active	According to the Treasury Division, it will closely monitor the balances in the NAP checking account to ensure that the account balance is sufficient to satisfy coupon redemption needs.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			Further Action Needed
			Provide OPA copy of procedures to monitor bank account balances.
Reporting Requirements			
43. TSD should implement formal documentation procedures to memorialize the monitoring procedures and including the results of the procedures and any corrective action taken, to ensure compliance with the above criteria. [Davis-Bacon Act - Highway Planning and Construction/CFDA #20.205/ DOI Covenant Capital Projects/ CFDA #15.875]	rhose ns e	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	Provide OPA copy of procedures adopted for monitoring contractors, to ensure compliance with the Davis-Bacon Act.
Eligibility			
44. NAP should adhere to established policies and procedures for certifyin and recertifying applicants, and NA should develop and implement monitoring procedures for verifying compliance with all requirements. [Nutrition Assistance/CFDA #10.55]	P	Open Delinquent (Outstanding since FY 1996 Single Audit)	Provide OPA copy of procedures adopted to 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. Case file reviews, and a related corrective actions, should be conducted and implemented in a time manner. Controls should be establist to ensure that review and report deadlines are met. [Nutrition Assistance/CFDA #10.551]	nny e nely	Resolved Delinquent (Outstanding since FY 1995 Single Audit)	Provide copy of steps taken to ensure that Management Evaluation Unit (MEU) are adequately staffed and field reviews are conducted in a timely manner.
46. NAP should comply with the requirements stated in the Manual of Operations. NAP should establish procedures for the MEU to follow-to outstanding disposition records, and the Certification Unit (CU) to monitoutstanding disposition records, and perform corrective actions on a time basis. [Nutrition Assistance/CFDA #10.551]	np on I for tor I Ely	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	Provide OPA copy of more intensive procedures implemented ro ensure all findings are properly responded to and recommendations complied with, as stated in auditee response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required	
Equipment and Real Property Management				
48. 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 - Finance and Accounting	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, implementation of new Fixed Asset module began during FY98 and will be completed by December 31, 2000.	
Procurement and Suspension and Debarment				
49. The CNMI should adhere to enabling legislation requiring the execution of both performance and payment bonds. [Department of Interior and Covenant Capital Projects/CFDA #15.875]	DOF - P&S	Open Active	The Director of P&S agrees with the finding and will coordinate with CUC and TSD to ensure that performance and payment bonds are in place for the two construction contracts.	
			Further Action Needed	
			Provide OPA copy of performance and payment bonds for the construction contracts.	
50. 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 - P&S	Resolved Delinquent (Outstanding since FY 1995 Single Audit)	Provide OPA 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 federal grants comply with all applicable federal laws.	
Reporting Requirements				
53. DOF should implement procedures that ensure that all required federal financial reports are filed in a timely manner and reconciled with the general ledger. [Technical Assistance Grants, DOI and Covenant Capital Projects/ CFDA #15.875].	DOF	Open Delinquent (Outstanding since FY 1997 Single Audit)	Provide copy of steps taken to ensure that required reports are submitted on a timely basis, as stated in auditee response.	
Special Tests and Provisions				
54. NAP should implement control and monitoring procedures to verify that all	NAP	Open Delinquent	Provide OPA copy of procedures adopted to specifically identify the NAP Unit	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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]		(Outstanding since FY 1996 Single Audit)	responsible for implementing the prescribed collection procedures, and procedures to verify that all identified NAP Unit overissuances are properly recorded and filed.

2. 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), 11/23/99

(DOF) (GOV), 11/26/99 (OMB), 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 2/6/98 (OMB), 1/20/2000 (AGO)

	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 would be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he would instruct the P&S Director to issue interim policies and procedures regulating advance contract payments and contract monitoring, which were 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 was in the process of determining whether this section should be located in P&S, The DOF Secretary's Office, or the Governor's Office. In addition, the Governor responded to the recommendation. He stated the three interim actions which he expected to be taken by DOF pending adoption of the revised procurement regulations being developed by the AG's Office. Further Action Needed The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	The Contracting Officers should initiate 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, and therefore recommendation 2 is not applicable).	AGO (in lieu of DOF response) for Contract C40222 C40122 C50098 C40113 C50108 C50297	Resolved Delinquent	Based on the follow-up on the status of AGO referrals done by OPA on January 26, 1999, the seven professional contracts enumerated had already been referred to AGO's Civil Division for collection of damages, termination of contracts and imposition of sanctions. Of the seven contracts, one (C50297) was already canceled, one (C40276) was pursued by OMB and the remaining five contracts were pursued by AGO. On January 20,
3.	The Contracting Officers should recover payments (including interest) made to contractors whom 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.	C40276		2000, the AGO provided us the status of the five contracts as follows: Contracts C40222, C40122 and C50098 - The AGO has declined to take any further action on these contracts. The AGO determined that there would be substantial proof problems in establishing the allegations because these consulting contracts do not require the contractor to perform any "concrete" specific or actual work.
				Contracts C40133 and C50108 - On January 14, 2000, the AGO and the Chief of Procurement and Supply met with the Contractor which resulted in the contractor agreeing to repay the Commonwealth \$96,100. A promissory note was recently drafted and sent to the contractor for signature. The matter is considered closed by the AGO.
				The AGO does not intend to take any action for Contracts C40222, C40122 and C50098.
				However, the AGO should provide OPA with a copy of the promissory note for Contracts C40133 and C50108 to close the recommendation.
		Office of Mgt. & Budget for Contract C40276	Resolved Delinquent	On the May 19, 1998 letter to OMB, OPA agreed that the correct amount of overpayment was \$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

Agency to Act

Status

Agency Response/ Additional Information or Action Required

\$24,000 charges upon completion of the scope of work.

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 was extended more than six months from the date of OPA's letter and whether such extension was reasonable.

Further Action Needed

To close the recommendations, the Special Assistant for Management & 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 the extension granted and billing statements supporting the \$24,000 charges upon completion of the scope of work.

The Secretary of Finance should develop detailed procedures for the appropriate use of sole source procurement and direct the P&S Director to implement such procedures, which should include:

- 4. Enforcing the rule that all professional services contracts be awarded through competitive proposals.
- Ensuring that written determinations issued by the P&S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement.
- 6. Ensuring that alternative sources be considered in sole source procurement.

DOF

Resolved Delinquent

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&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.

Further Action Needed

The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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	The Secretary of Finance stated that final rules and regulations regulating cost, scope of work and deliverables, and contract renewals would be included in the revised procurement regulations being developed by the AG's Office. In the meantime, his staff would develop interim procedures regarding cost negotiation justifications, change orders, deliverables, and contract renewals, and direct the P&S Director to ensure that these procedures are implemented. He expected that these written policies and procedures would be issued by January 31, 1997. Further Action Needed The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.
				policies and procedures.
me	e Secretary of Finance should issue a morandum instructing the DOF - counting Section to: Recover or offset from future payments the \$15,079 overpayments to contractors.	DOF	Open Delinquent	The Secretary of Finance stated that he would issue a memorandum to the Director of Finance & Accounting instructing him to ensure that overpayments are recovered and that contract payment requests are adequately reviewed to ensure that payment amounts are correct and contain all appropriate supporting documents.
9.	Adequately review contract payments to			
	prevent double payments, payment of amounts different from the terms of			Further Action Needed
	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.			The Secretary of Finance should provide OPA with a copy of this memorandum and the results of Finance & Accounting's actions to recover overpayments.
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 have the same scope of work and whose periods overlap.	DOF	Open Delinquent	The Secretary of Finance stated that he would 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.
				Further Action Needed

The Secretary of Finance should provide

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			OPA with a copy of these policies and procedures.
 Issue a memorandum to the P&S Director: 11. Requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight. 12. Instructing him 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. 	DOF	Open Delinquent	The Secretary of Finance stated that he would 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. Further Action Needed 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.
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 would issue a memorandum to the Director of Finance & Accounting instructing him to ensure that contract payment is not made prior to completion of contract processing. Further Action Needed The Secretary of Finance should provide OPA with a copy of this memorandum.

3. Report No. AR-99-04 issued October 28, 1999 **Executive Branch of the CNMI Government Audit of Professional Service Contracts** From October 1, 1995 to May 4, 1998

Date(s) of followup letter(s) sent : 11/23/99 (DOF), 11/26/99 (TMO), 1/5/2000 (AGO)

Date(s) of response letter(s) received: 1/20/2000 (AGO)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	As Redirected to AGO - Take appropriate action against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts. 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)].	AGO	Resolved Active	The Governor concurred with the recommendation and provided OPA a copy of his memorandum issued on August 17, 1999 asking the Acting Attorney General to investigate the conduct of the former government officials cited in the audit report and to recommend what actions should be taken. Further Action Needed AGO should provide OPA a copies of documents showing actions taken against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts.
5.	Take action to address our pending recommendations relating to the development and implementation of written policies and procedures regulating contract monitoring, to ensure that payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications.	DOF	Resolved Active	The Secretary of Finance stated that policies on contract monitoring are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director directing him to develop and implement written policies and procedures requiring that expenditure authority/contracting officers perform contract monitoring activities to ensure payments are made only for documented work performed according to contract terms and specifications. Further Action Needed The Secretary of Finance should provide OPA a copy of the adopted policies and procedures on contract monitoring.
6.	As Redirected to AGO - Take steps to recover payments (including interest)	AGO for Contracts	Resolved Active	The Governor concurred with the recommendation and provided OPA a copy

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
made to contractors which we identified as having been paid without performing their work.	C70180, C70301, C70149, 305559 and C70220		of his memorandum issued on August 17, 1999 to the Acting Attorney General requesting her to review the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed.
			The Counsel to the Tinian Mayor concurred with the recommendation and provided OPA a copy of a memorandum issued on July 16, 1999 to the Acting Attorney General requesting legal action against Mr. Sablan to recover the money paid to him. In addition, the Counsel to the Tinian Mayor provided OPA an outline of the contract monitoring process which TMO has established as a stopgap measure while awaiting the interim or final revised procurement regulations still not completed.
			The response from AGO on January 20, 2000 provided the status of the following contracts:
			C70220 - AGO will undertake dispute proceedings and administrative remedies under this contract pursuant to Section 5-201 of the CNMI Procurement Regulations. Once this process has been completed, a complaint will be filed in late February or March of 2000.
			C70180 and C70301 - A demand letter has been sent out to comply with the dispute process of the CNMI Procurement Regulations Section 5-201. The litigation process will be initiated probably in March 2000.
			C70149 - Further follow-up with former government employees who were knowledgeable about this contract is necessary pending a final decision.
			305559 - AGO consider this matter closed

as it does not seem to warrant further

action.

Recommendation Agency Agency Response/ to Act **Status** Additional Information or **Action Required** Further Action Needed AGO does not intend to take any action on Contract 305559. However, the AGO should provide OPA copy of documents showing legal action taken for Contract nos. C70220, C70180, C70301 and C70149. DOF The Secretary of Finance issued a 7. Issue a memorandum instructing the Resolved DOF - Accounting Section to recover memorandum on August 13, 1999 to the Active the nearly \$1.49 million in Finance and Accounting Director directing overpayments by requesting contractors her to investigate the nearly \$1.49 million to return the amounts overpaid. Of in overpayments cited in the report. these amounts, \$87,096.02 is immediately recoverable and Further Action Needed \$1,400,955.91 is recoverable unless adequately supported by the The Secretary of Finance should provide contractors. If a contractor refuses to OPA copies of documents showing results cooperate or repay the funds, the matter of investigation and recovery of the should be referred to the Attorney overpayments. General's Office for legal action. 9. Take action to address our pending DOF Resolved The Secretary of Finance stated that recommendations relating to the policies which would require pre-contract Active development and implementation of analysis, limit granting of advance written policies and procedures which payments; and regulate costs, scope of would require pre-contract analysis; work and deliverables, and contract limit granting of advance payments; and renewals are included in the proposed regulate costs, scope of work and revisions to the CNMI procurement regulations currently under review by DOF deliverables, and contract renewals. and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring development and implementation of written policies and procedures that require pre-contract analysis, limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals. Further Action Needed The Secretary of Finance should provide OPA copies of the adopted policies and

procedures.

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), 4/22/99 (EMO), 7/19/99 (DPS), 11/22/99 (BOED) (BOELEC) (CUC) (DCCA) (DLI), 11/23/99 (CPA) (DOC) (DOF) (DPH) (DPS) (EMO) (GOV) (HOUSEREP) (LEGBUREAU) (LIBCOUNCIL), 11/24/99 (MVA) (NIMO) (NMC), 11/26/99 (OMB), (NMIRF), 11/29/99 (RMC), (RMO), (SPMC), (SPRC), (SMC), (SAA), (SENATE), (TCGCC), (TMC) (WASHREP), 1/17/2000 (NMIRF)

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), 10/8/98 (DCCA), 10/13/98 (HOUSEREP), 10/15/98 (SAA), 10/21/98 (TMO), 11/6/98 (HOUSEREP), 2/25/99 (DPH), 4/7/99 (EMO), 4/14/99 (TCGCC), 4/26/99 (DOC), 6/30/99 (DPS), 11/24/99 (BOE), 12/1/99 (NMIRF) (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 1/3/2000 (SMC), 1/20/2000 (NMIRF)

Rota Mayor's Office

Northern Islands Mayor

Rota Municipal Council

Tinian Municipal Council

Board of Education (PSS)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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:	(See last column)	Open Delinquent	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
a)	Implement the use of continuous vehicle trip log forms, which should be placed in every government vehicle (except vehicles assigned to and used			for use by the agency concerned and the divisions or offices directly under the agency.
	by government officials; official			Governor's Office
	government guests; emergency vehicles			Dept. of Finance
	used by the Department of Public			Washington Representative's Office
	Safety, Civil Defense, Commonwealth			Senate
	Utilities Corporation, and law			Legislative Bureau
	enforcement offices). The log forms			CNMI Superior Court

should be maintained by vehicle

information such as date, time, places

of travel, purpose of travel, beginning

and ending mileage readings, total

operators to provide basic trip

Agency to Act

Status

Agency Response/ Additional Information or Action Required

Commonwealth Ports Authority Commonwealth Utilities Corp. Library Council

miles driven, the signature of the vehicle operator, and vehicle identification data. The log forms should be reviewed monthly 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 a minimum of three years.

- b) Ensure that when using government vehicles outside working hours, an employee is in possession of a written authorization signed by the official with expenditure authority that *clearly states* 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.
- 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.
- 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.

DLI Resolved Delinquent

On May 28, 1998, OPA received a memorandum from the Acting Director of Labor on the use of a government vehicle. However, OPA did not receive any document showing actions taken by other Divisions under the Department of Labor and Immigration.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
				Further Action Needed
				DLI should provide OPA with a copy of directives issued by other divisions (e.g. Division of Immigration) requiring DLI 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.
		MVB	Resolved Delinquent	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.
		SPMC	Resolved Delinquent	On December 3, 1999, OPA received a response from the Chief Justice of the Supreme Court enumerating actions taken to address the recommendation. However, OPA did not receive any document as enumerated in letters (a) to (d) of the recommendation to support the actions taken.
		ЕМО	Resolved Delinquent	The 4/7/99 response did not adequately address parts b, c, and d of the recommendation. To close recommendation 1, EMO should provide OPA with a copy of written directives to EMO personnel as described in part 1b, 1c and 1d of the recommendation.
2.	The Secretary of Finance should instruct the Director of Procurement and Supply to:	DOF	Open Delinquent	The Secretary of Finance should provide OPA with a copy of directive to Procurement and Supply requiring it to implement the requirements enumerated
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	Proc. & Supply		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.

Agency to Act

Status

Agency Response/ Additional Information or Action Required

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 will allow them 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.

(**Note**: The marking should show the 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.)

- b) Maintain updated government vehicle inventory listings and conduct periodic inventories of all government vehicles on Saipan, Rota, and Tinian.
- 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.
- 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

CNMI-WIDE AUDITS

Rota Mayor's Office Open Delinquent

The Mayor of Rota should provide OPA with a standard policy and guidelines that should be developed and adopted by the liaison offices to regulate the use of government vehicles assigned to them.

Agency to Act

Status

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

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 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), 4/21/99 (DPW), 4/22/99 (SMC), 4/30/99 (DOC), 11/22/99 (DCCA), 11/23/99 (DOC) (DOF) (DPH) (DPW) 11/24/99 (NIMO) (NMC), 11/26/99 (OMB) (PDO) (PSS), 11/29/99 (RMC) (RMO)

(SPMC) (SPRC) (SMC) (SMO) (TMO)

Date(s) of response letter(s) received: 7/15/98 (GOV), 7/10/98 7/24/98 (DLNR), 7/31/98 (PDO), 10/13/98 (SMC),

10/15/98 (TMO), 10/21/98 (TMO), 12/10/98 (DPW), 4/26/99 (DOC) (SMC), 12/1/99 (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 12/13/99

(DPH), 1/3/2000 (SMC)

	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 Delinquent	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	DOF	Open	Further Actions Needed
	granting administrative leave for those occasions not provided in the personnel regulations, such as Christmas/New Year party.		Delinquent	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 Delinquent	The CAO Executive Assistant concurred with all the recommendations. He stated that CAO is implementing the sign-in-and-
33.	Develop and implement written policies and procedures in the use of the flexible	DCCA-	Open	out sheet and has purchased a timeclock.
	time system, if CAO decides to continue its use.	CAO	Delinquent	Further Actions Needed
34.	Establish procedures for documenting the calls of employees reporting leave.	DCCA- CAO	Open Delinquent	Recommendation 32 - The CAO Executive should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.
35.	Establish a sign-in-and-out sheet which	DCCA-	Open	

should include the date, name of CAO Delinquent Recommendation 33 - The CAO Executive employee, time of leaving the office, should provide OPA a copy of the developed written polices and procedures time returned, location, contact tel. no. and purpose. Employees should be in the use of the flexible time system. required by a memorandum to personally log entries in the sign-in-Recommendation 34 - The CAO Executive and-out sheet when leaving the office should provide OPA a copy of the during office hours. developed written policies and procedures. Recommendation 35 - The CAO Executive should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees. **DCCA** The Secretary of DCCA concurred with 36. Take steps to reverse the administrative Open leave granted to DCCA employees Delinquent Recommendations 37 to 39, and stated that covering half-day for December 29, these recommendations would be complied 1995. 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 38. Require all employees to punch the **DCCA** Resolved Branch's decision to reverse that leave. time clock or maintain a document Delinquent which can monitor daily time and Further Actions Needed attendance. Recommendation 36 - The Secretary of DCCA should provide OPA a copy of the documented reversal of the administrative leave such as a memorandum, application 39. Stop allowing employees to manually **DCCA** Resolved for leave and STS. time-in-and-out except in appropriate Delinquent cases (such as when the time clock is Recommendations 38 and 39 - The not operable), which should be justified Secretary of DCCA should provide OPA a and approved by the division manager. copy of the written instructions to the employees. 40. Require all employees to punch the **PDO** Open The Acting Public Defender in his time clock or maintain a document memorandum to the Director of Personnel Delinquent which can monitor daily time and dated July 22, 1998 requested that OPM attendance. promulgate specific guidelines on timing in and timing out. The Acting Public Defender stated that he believe that there were no Commonwealth statutes or regulations that require excepted service employees to timein-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 the discretion of each department head.

On August 4, 1998, OPA sent a letter to the Director of Personnel requesting comments 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.

Further Action Needed

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.

64. As Amended: DPW should adopt some form of documentation to account for this particular employees time especially since her work hours often differ from the regular government work hours. For example, Bi-weekly Activity Reports can be required from the employee showing the number of hours worked and a brief description of the nature of the work performed daily. The documentation will serve as evidence of work performed.

DPW Resolved Delinquent

On December 10, 1998, the DPW Secretary provided OPA with a memorandum dated November 30, 1998 from the Director of Administrative Services which stated that the employee had already been reprimanded several times verbally and once in writing for her tardiness. However, the memorandum further stated that the employee serve on call as a resource person for the Governor's Office, and as such it was not always possible for the employee to time-in-and-out for lunch or time out at the end of the day. Because of this, the DPW management was currently looking at placing the employee on a flexible working hour schedule.

Further Action Needed

The Secretary of DPW should provide OPA Bi-weekly Activity Reports of the employee as evidence of work performed.

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.

Open Delinquent

NIMO

The Mayor stated that NIMO was 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.

Further Actions Needed

The Mayor should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.

71.	Issue a memorandum to the two employees requiring them to time-in-and-out on the DTA sheet.	RMO	Resolved Delinquent	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 would not be repeated under his administration.
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 Delinquent	Further Actions Needed Recommendation 71 - The Mayor should provide OPA a copy of the written instruction to employees. Recommendation 73 - The Mayor should provide OPA the result of the discussions with the heads of other agencies.
74.	Take appropriate disciplinary actions against the three employees who were AWOL.	RMC	Open Delinquent	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 had resigned effective November 11, 1995. He stated that he had spoken with the incoming Chief of Staff and discussed several recommendations, including OPA recommendations. Further Actions Needed Recommendation 74 - The Chief of Staff should provide OPA a copy of memorandum taking appropriate disciplinary actions against the three employees who were AWOL.
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 Delinquent	Recommendation 75 - The Chief of Staff should provide OPA copies of the application for leave and STS evidencing that the employees were charged leave.
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 Delinquent	Recommendation 76 and 78 - The Chief of Staff should provide OPA a copy of written instructions to the employees.
77.	Establish procedures for documenting the calls of employees reporting leave.	RMC	Open	Recommendation 77 - The Chief of Staff should provide OPA a copy of the

70	Instruct employees who leave the office		Delinquent	developed written policies and procedures.
76.	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 Delinquent	Recommendation 79 - The Chief of Staff should provide OPA a copy of the result of the discussions with the heads of other agencies.
79.	Discuss with the heads 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 Delinquent	
82.	Adjust the leave charges of the two employees in question.	SMC	Resolved Delinquent	On 1/3/2000, the SMC Executive Director responded that all necessary corrections to adjust the leave charges of the two employees have been made.
				Further Actions Needed
				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 Delinquent	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
86.	Adjust the leave charges of the three employees.	SMO	Open Delinquent	implemented steps necessary to monitor employees' time and attendance more closely. SMO is charging employee leave
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 Delinquent	for tardiness if the employee does not work 40 hours per week, and is making sure that all employees' leave is properly charged. With regards to adjusting the leave charges of the three employees in question, only Employee no. 74708 remained 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 was no longer working at SMO.

Further Actions Needed

Recommendation 84 - The Mayor of Saipan should provide OPA a copy of the written instruction to the Administrative Officer or designee.

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.

Recommendation 87 - the Mayor of Saipan should provide OPA a copy of the documentation of the violation committed by the employee.

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 Delinquent

On October 21, 1998, the Tinian Mayor responded that the timekeeper would be deducted 24 hours for the three individuals who were paid 8 hours each while AWOL, since these employees were no longer employed at TMO. We verified with the payroll division whether the payroll deductions had already been made. We noted that the timekeeper was deducted a total of 16 hours, leaving a balance of 8 hrs. for payroll deduction.

One of the four employees who were AWOL was still employed at TMO and was appropriately deducted 8 hrs.

Further Actions Needed

The Mayor of Tinian should provide OPA a copy of documents showing that the balance of 8 hrs. was deducted from the timekeeper.

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.

SPRC Open Delinquent No response was received.

Further Actions Needed

Recommendations 94 and 95- The Presiding Judge should provide OPA copies of the directives addressing the issues.

95. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.

SPRC Delinquent

104. Require all timekeepers to control inhouse comptime records of employees. **NMC** Resolved

Open

On December 1, 1999, the NMC President Delinquent provided us with her April 29, 1999

response to the DOF Secretary that compensatory time records are maintained by payroll personnel in the Business Office. Further Action Needed Provide OPA copies of compensatory time records maintained by the Business Office. 107. Initiate the update of the NMC **NMC** Resolved According to the NMC President, the Personnel Regulations using the CSC's Delinquent recommendation was still under review at guidelines for granting administrative the College. leave. Further Action Needed The NMC President should provide OPA a copy of the updated NMC Personnel Regulations. 108. Require all employees to punch the **NMC** Open The NMC President continued to disagree time clock or maintain a document Delinquent with the recommendation. which can monitor daily time and attendance. Further Action Needed The NMC President should reconsider and implement the recommendation. PSS 114. Require all employees to consistently Open No response was received. punch the time clock Delinquent Further Actions Needed 115. Stop allowing employees to manually **PSS** Open Recommendations 114, 115 and 116 - The time-in-and-out except in appropriate Delinquent PSS Commissioner should provide OPA a cases (such as when the time clock is copy of the written instruction to the not operable or when the employee is employees. assigned to a location where no time clock is available), which should be justified and approved by the division manager. 116.Instruct employees who leave the office **PSS** Open during working hours to personally log Delinquent

their destination (including purpose, time of leaving, and time returned) in

the Log-In-and-Out Sheets.

Autonomous Agencies

Commonwealth Development Authority
Commonwealth Government Employees Credit Union
Commonwealth Ports Authority
Commonwealth Utilities Corporation
Northern Mariana Islands Government Health and
Life Insurance Trust Fund
Northern Mariana Islands Retirement Fund
Public School System
Tinian Casino Gaming Control Commission
Workmen's Compensation Commission

Commonwealth Development Authority

Commonwealth Development Authority
 Independent Auditor's Report on the Internal Control Structure and Compliance in Accordance with Government Auditing Standards
 Year Ended September 30, 1998

Date(s) of followup letter(s) sent : 11/22/99 (CDA), 11/24/99 (NMHC)

Date(s) of response letter(s) received: 11/29/99 (CDA)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	CDA should ensure that follow-up procedures on past due loans are	CDA	Open Delinquent	On November 29, 1999, CDA, with reservations, concurred with the finding.
	adhered to and renegotiations are undertaken for those loans where lenders are having difficulty making		(Outstanding since FY1994 Single Audit)	Further Action Needed
	scheduled repayments.		Single Addity	Provide OPA with actions taken to follow up on and renegotiate past due loans.
2.	CDA should review instances of noncompliance with provisions of the manual and determine if corrective	CDA	Open Delinquent (Outstanding	CDA responded that it will follow its Rules and Regulations in making future loans.
	action is necessary.		since FY1994 Single Audit)	Further Action Needed
				Provide OPA results of reviewing noncompliance with the provisions of the manual and the corrective actions taken.
3.	NMHC should ensure that the collateral account balance is accurate and fully maintained.	NMHC	Open Active	CDA responded that NMHC would deposit \$7,374 to the collateral account as per loan agreement with MPLT.
				Further Action Needed
				Provide OPA proof of deposit of \$7,374 to the collateral account.
4.	NMHC should institute procedures to ensure that accounts are appropriately reconciled and items correctly categorized within the financial management system.	NMHC	Open Active	Provide OPA copy of procedures for posting adjustments to the subsidiary account to properly identify each and every transaction needing journal entries.
5.	CDA should take necessary action to collect all payments due from CUC.	CDA	Open Delinquent (Outstanding since FY1994	Provide OPA with the "Equity Conversion Plan" to evidence action taken to collect all payments due from CUC.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			Single Audit)	
6.	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 FY1997 Single Audit)	Provide OPA with results of investigation of procedures employed by local banks in verifying account balances.
7.	NMHC should retain the unit inspection report in the tenant's file.	NMHC	Open Active	Provide OPA actions taken to locate the misplaced files and to ensure that the file is complete.
8.	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 the Interior.	CDA	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with the "Equity Conversion Plan" to evidence action taken to document the exact nature of transactions, including all terms and conditions between CDA and the US Department of the Interior.
9.	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 FY1994 Single Audit)	Provide OPA copy of system established to ensure adherence to OMB Circular A-128.

Commonwealth Government Employees Credit Union

 Commonwealth Government Employees Credit Union Independent Auditor's Report on Compliance and Internal Control Based on Audit of Financial Statements Year Ended December 31, 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.	CGECU should ensure that the general ledger balances for loans and deposits are reconciled with the subisidiary ledgers on a periodic basis.	CGECU	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA copies of subsidiary and general ledgers generated from the new software.
2.	CGECU should reconcile the general ledger with the subsidiary ledger on a monthly basis after all audit adjustments for FY 1997 are posted.	CGECU	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA copies of subsidiary and general ledgers generated from the new software.
3.	CGECU should follow the guidance in FASB Statement No. 91, and should amortize deferred loan fees into income as an adjustment of interest income.	CGECU	Open Active	Provide OPA the adjustment made to establish a deferred loan origination fee balance.

Commonwealth Ports Authority

Report No. AR-95-11 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, 11/22/99 (CPA), 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 12/6/95, 3/15/96, 3/27/96, 4/4/97 (AGO), 4/20/98 (AGO), 4/30/99

(CPA), 1/20/2000 (AGO)

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

CPA

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 in which it should be documented. Also, consider preparing forms for documenting representation expenses, and establishing guidelines that limit representation expenses to a moderate amount and require travelers to pay for their share of representation expenses covered by per diem, such as meals.

Resolved On April 30, 1999, CPA provided us with its official representation policies and procedures dated November 17, 1995.
However, our review showed that additional improvements are still needed.

Further Action Needed

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 discussed, CPA should consider amending the policies and procedures to include the following matters:

- a. Official representation expenses should be clearly defined, and specific examples should be illustrated.
- b. Specific categories of persons who 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 *generally be* excluded, and consultants and contractors should always be excluded from categories of persons who can be entertained.
- 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

Agency to Act

Status

Agency Response/ Additional Information or Action Required

be allowed. Even the Chairman and Executive Director, however, should file in advance a statement of persons to be entertained and purpose of entertainment.

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 could not 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, 11/22/99

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 in 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 action has been taken to enforce collection.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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	In his March 27, 1999 response to OPA, the former CPA Board Chairman stated that current travel policies and procedures should be adequate to account for board-related expenditures. In our opinion, the procedures adopted were too general in nature. CPA should develop detailed official policies and procedures on board expense reimbursements.
				Further Action Needed
				CPA should 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."
4.	The CPA Board Chairman should establish written policies and procedures to prevent financial interest violations in the future.	CPA	Resolved Delinquent	In his letter response dated 3/27/96, the Board Chairman responded that the CPA Legal Counsel had 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.
				Further Action Needed
				CPA should 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.

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, 11/22/99

Date(s) of response letter(s) received: 4/30/99

	1			
	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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	CPA	Resolved Delinquent	On April 30, 1999, The CPA Executive Director responded to the DOF Secretary who referred the response to OPA for evaluation. Based on OPA's evaluation, recommendation numbers 6 and 8 remain resolved.
	Procurement Regulations.			For recommendation 6, Part 3.7 of the
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	СРА	Resolved Delinquent	adopted regulations was not amended to invalidate all outstanding permits and leases to former board members, officials, and their relatives in accordance with the Government Ethics Code Act of 1992 and the CPA Procurement Regulations. For recommendation 8, an 4/30/99 memorandum from the CPA Comptroller to the DOF Secretary stated that CPA is
	monthly rental collections.			currently working with the Financial Consultant to implement the database capability of the MAS90 Accounting Network.
				Further Actions Needed
				Recommendations 6 - CPA should formally adopt and publish the proposed changes stated in the audit recommendations.
				Recommendation 8 - Provide written description of procedures and copies of sample documents and reports generated by the system.

Report No. LT-98-03 issued February 17, 1998 4. Audit of and Investigation of Misuse of Government Vehicle

Date(s) of followup letter(s) sent 9/18/98, 11/22/99, 1/26/99 1/5/2000 (AGO)

Date(s) of response letter(s) received: 4/30/99, 1/20/2000 (AGO)

	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/AGO	Resolved Delinquent	The June 3, 1998 settlement agreement between CPA and the former CPA employee partly addressed recommendations 2 to 4.
3.	Order the former CPA Deputy Director to repay the \$3,870 cost of salary he received from the government for the hours he was doing personal business.	CPA/AGO	Resolved Delinquent	This audit has been referred to the Civil Division of AGO for collection of damages after criminal conviction of the former CPA Deputy Director for misuse of government vehicle.
4.	Recover from the former CPA Deputy Director a reasonable amount for the cost of fuel and maintenance of the white Toyota Camry.	CPA/AGO	Resolved Delinquent	On 1/20/2000, the AGO responded that a copy of the OPA investigation should be forwarded so that a civil filing decision could be made.
				Further Actions Needed
				Recommendations 2, 3, and 4 - The CPA Director should provide OPA evidence of collection of the \$3,000 restitution as

AGO should notify OPA of its civil filing decision as stated in the response.

stipulated in the settlement agreement.

5. **Commonwealth Ports Authority** Independent Auditor's Report on Internal Control and on Compliance In Accordance with Government Auditing Standards Year Ended September 30, 1999

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 management should implement procedures to notify the accounting	CPA	Open Delinquent	Provide OPA with documents showing that certification is done on a timely basis,

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
department of substantial completion of construction projects.		(Outstanding since FY98 Single Audit)	which should be after completion of the project.

Commonwealth Utilities Corporation

Report No. AR-95-12 issued August 16, 1995 1. **Audit of Advances to the Former Executive Director**

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

9/18/98, 11/22/99, 1/26/99 1/5/2000 (AGO)

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 that	CUC	Open Delinquent	The Operating Manual prepared by CUC did not contain procedures for monitoring advances to employees.
	collection actions are initiated on all advances that remain unliquidated			Further Action Needed
	beyond the period allowed by law.			CUC should establish procedures relating to the monitoring of advances to employees and provide copy of the procedures to OPA.
2.	As Redirected to AGO - Take action to recover from the former Executive Director the \$5,300 advance.	AGO	Resolved Delinquent	On April 20, 1998, the AGO responded that the matter was still being investigated by the Civil Division.
	Original - 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			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.
	amount.			Further Action Needed
3.	As Redirected to AGO - Take action to recover \$7,333 in expenses paid twice and in error from the former Executive Director. 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 to pay the hotel but kept the money instead.	AGO	Resolved Delinquent	Recommendations 2, 3, and 5 - The AGO should provide the status of the investigation for OPA's review and evaluation.
5.	As Redirected to AGO - Take action to recover from the former Executive Director \$23,368 in questioned expenses.	AGO	Resolved Delinquent	
6.	The CUC Executive Director should establish and implement written	CUC	Resolved Delinquent	The Executive Director responded that CUC would implement specific policies

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	policies and procedures regulating official representation, entertainment, and other expenses of similar nature.			regulating official representation and business entertainment expenses.
	The policy should clearly indicate the officials authorized to incur such			Further Action Needed
	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. The procedures should include procedures on how to request advances and document official representation expenses.			CUC should provide OPA a copy of the policies and procedures.
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	CUC	Resolved Delinquent	The Executive Director responded that the Comptroller would develop and implement procedures regulating wire transfers and prepayments.
	reimbursement.			Further Action Needed
				CUC should provide OPA a copy of the procedures.
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.	CUC	Open Delinquent	The Executive Director agreed with the recommendation but did not provide a plan of action.
				Further Action Needed
				CUC should provide OPA a plan of action to ensure that items purchased by the former Executive Director were received.
11.	As Redirected to AGO - Take action to recover from the former Executive Director the \$24,857 due for an oven, tensioned, and winding machine assembly which were never received and whatever other amounts may be determined as a result of the above recommendations.	AGO	Resolved Delinquent	On April 20, 1998, the AGO responded that the matter was 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.
				Further Action Needed
				The AGO should provide OPA for OPA's review and evaluation the status of the investigation.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
12.	The CUC Executive Director should formally adopt the CNMI policy on travel accommodations and car insurance.	CUC	Resolved Delinquent	The Executive Director responded that the CUC Board of Directors would adopt travel policies, either those of the CNMI or others adopted to fit CUC.
				Further Action Needed
				CUC should provide OPA a copy of the adopted travel policies.

Commonwealth Utilities Corporation 2. Independent Auditor's Report on Internal Control and on Compliance in Accordance with Government Auditing Standards Year Ended September 30, 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.	CUC should ensure that billings are accurately processed, editing procedures are performed prior to processing of billings, and follow-up of customer disputes on a more timely basis is implemented.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with copy of procedures implemented to address misstatement of revenue and accounts receivable that occur when billings are not accurately processed, edited and timely entered in the accounts receivable system, as stated in auditee response.
2.	CUC should execute formal agreements with all landowners on which CUC has assets.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with executed formal agreements with landowners for CUC's use of parcels of land, as stated in auditee response.
3.	CUC should implement policies and procedures to ensure the timely follow-up and collection of balances due.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with actions taken by the Internal Auditor to periodically monitor delinquent accounts receivable, as stated in auditee response.
4.	CUC should ensure that billing rates are entered accurately, and assigned customer rates are reviewed periodically to ensure that the appropriate rates are applied.	CUC	Open Active	Provide OPA with actions taken to review customer rates for water to be taken in FY2000, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5.	CUC should ensure strict adherence to procurement policies and procedures.	CUC	Open Active	Provide OPA with actions taken to document pre-approved procurement actions by the Executive Director and/or Comptroller.
6.	CUC should pre-approve and appropriately document all non-emergency overtime.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with copy of document reminding Division managers and supervisors of CUC Policies and Procedures to deny non-emergency overtime that is not pre-approved.
7.	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 FY1990 Single Audit)	Provide OPA copy of the accounting section's reconciliations of grant receivables, payables, expenditures, and contributed capital on a monthly basis as stated in auditee response.
8.	CUC should ensure implementation of reconciliation procedures between the records of the Federal Programs Coordinator and the Comptroller's office on a quarterly basis, to ensure completeness of recording of projects in the general ledger.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with copy of accounting section's reconciliations of grants, to ensure that all contributed assets and capital are properly recorded.
9.	CUC should reconcile with appropriate CNMI officials the balance due from the CNMI and record any necessary adjustments.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with copy of reconciliations of balance due from the CNMI per CUC's books to the balance recorded in thebooks of the CNMI government.
10.	CUC should ensure that all long outstanding balances that are included in the other receivables and travel advances account as of September 30,1998 are reviewed and expensed where necessary.	CUC	Open Delinquent (Outstanding since FY1993 Single Audit)	Provide OPA with copy of actions taken to review advance and prepayment accounts as stated in auditee response.
11.	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 with copy of procedures instituted to ensure that the count and inventory records match as stated in auditee response.
12.	CUC should reconcile its inventory listing to cost documentation.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with copy of procedures instituted to ensure that the count and inventory records match, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
13.	CUC should retain supporting invoices or other appropriate documentation to substantiate inventory cost, and completely overhaul the parts inventory system to prevent further errors.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with copy of pre-payment procedures adopted to ensure that invoices, when received, are filed with all applicable supporting documents, as stated in auditee response.
14.	CUC should implement appropriate procedures to restrict access to inventory items and to keep accurate records of all inventory items issued.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with procedures implemented restricting access to all storerooms to only warehouse personnel, as stated in auditee response.
15.	CUC should ensure that proper construction work-in-progress records are maintained.	CUC	Open Delinquent (Outstanding since FY1988 Single Audit)	Provide OPA with copy of reports generated by the current computerized systems for work orders, as stated in auditee response.
16.	CUC should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments. Additionally, we recommend that CUC implement a system of tagging fixed assets and perform periodic counts to ensure their continued existence.	CUC	Open Delinquent (Outstanding since FY1988 Single Audit)	Provide OPA with adjustments made on applicable asset and capitalization accounts as well as procedures for tagging and performing periodic counts of fixed assets as stated in auditee response.
17.	CUC should ensure that the fixed asset register is reconciled with the general ledger on a monthly basis.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with copy of reconciliation of fixed asset register to the general ledger, as stated in auditee response.
18.	CUC should implement a policy with respect to required insurance coverage levels.	CUC	Open Delinquent (Outstanding since FY1989 Single Audit)	Provide OPA with results of exploring sources and evaluating cost proposals for obtaining insurance coverage for its fixed assets, as stated in auditee response.
19.	CUC should review its system of recordkeeping, and establish policies and procedures to ensure that utility service applications are appropriately maintained.	CUC	Open Active	Provide OPA with copy of promissory note agreement between CDA and CUC, as stated in auditee response.
20.	CUC should implement appropriate policies and procedures to ensure recording of all liabilities in the appropriate fiscal year.	CUC	Open Active	Provide OPA with copy of procedures adopted to ensure that all change orders are approved prior to additional work being performed, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
21.	CUC and CDA should come to an agreement regarding the precise nature of the \$10M note payable by CUC to CDA, and document such an agreement accordingly.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with copy of promissory note agreement between CDA and CUC, as stated in auditee response.
22.	CUC should establish a separate reserve account to account for both the 15 cents per gallon set aside and the related expenditures.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with action taken to establish a special reserve account, as stated in auditee response.
23.	CUC should ensure that all amounts requested for reimbursement are adequately supported.	CUC	Open Active	Provide OPA with actions taken to ensure that reimbursements were supported by adequate documentation.
24.	CUC should ensure that all progress billings are accompanied by appropriately approved stage-of-completion documentation.	CUC	Open Active	Provide OPA with copy of requests for payment signed by the Executive Director and include certification as to the stage of completion of the project.

Northern Mariana Islands Government Health and Life **Insurance Trust Fund**

1. Northern Mariana Islands Government Health and Life Insurance Trust Fund Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Year Ended September 30, 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.	NMI-GHLITF should record transactions affecting the Trust Fund and the NMIRF when the transaction occurs. The balance due from each entity to the other should be reconciled on a monthly basis.	NMI- GHLITF	Open Active	Provide OPA reconciliation of interfund balances during the year.
2.	NMI-GHLITF should either hire a qualified person to perform utilization reviews or contract an independent person or firm to do the work.	NMI- GHLITF	Open Active	Provide OPA a report detailing actions taken to address the recommendation.

Northern Mariana Islands Retirement Fund

 Northern Mariana Islands Retirement Fund Independent Auditor's Report on Compliance and Internal Control Based on an Audit of Financial Statements Year Ended September 30, 1998

Date(s) of followup letter(s) sent : 11/26/99 (NMIRF) (CGECU)

Date(s) of response letter(s) received: 12/1/99 (NMIRF)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	NMIRF should seek reimbursement of the \$261,865 from the Guam Savings and Loan Association (GSLA).	NMIRF	Resolved Active	On December 1,1999, NMIRF provided us copies of recent communications with the GSLA pursuing the reimbursement of the Loan Purchase Agreement.
				Further Action Needed
				Provide us copies of documents showing full reimbursement of \$261,865 from GSLA.
2.	NMIRF should ensure that all securities and other investment transactions will be properly recorded in detailed records and accumulated, classified, and summarized in the general ledger.	NMIRF	Resolved Active	In his December 1, 1999 response, the Deputy Administrator of NMIRF stated that a more formalized accounting and operating procedures will be implemented as soon as the Board approves the proposed organizational structure combining the investment branch with the accounting branch.
				Further Actions Needed
				Recommendation 2 - The Deputy Administrator of NMIRF should provide OPA with policies and procedures related to reconciliation of the general ledger with the supporting details.
3.	NMIRF should ensure that the Member Loan Program accountant maintains detailed records of the proper balances which are reconciled with the general ledger balance on a monthly basis.	CGECU	Resolved Active	Recommendation 3 - The Deputy Administrator of NMIRF should provide OPA with policies and procedures related to reconciliation of the general ledger with the supporting details.
4.	NMIRF should ensure that the person coding the accounts on the	CGECU	Resolved Active	Recommendation 4 - The Deputy Administrator of NMIRF should provide

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	cash receipts exercises more care in this process.			OPA with procedures for a supervisory review of the account codes before posting to the general ledger.
5.	NMIRF staff should regularly review an aged listing of receivables and follow-up on those receivables more than 90 days overdue.	CGECU	Resolved Active	Recommendation 5 - The Deputy Administrator of NMIRF should provide OPA with procedures to monitor and follow-up on those receivables more than 90 days overdue.

Public School System

Report No. AR-97-03 issued March 10, 1997 1. 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, 11/26/99

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 prohibiting 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 Department of Labor regulations.	PSS	Open Delinquent	Provide OPA a copy of the directive from 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.

Report No. LT-98-14 issued December 23, 1998, 1998 2. Follow-up Audit of Marianas High School Student Funds August 1991 to September 1992

Date(s) of followup letter(s) sent : 11/26/99 Date(s) of response letter(s) received: None

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4.	The Commissioner should define what constitutes educational purpose	PSS	Open Delinquent	Further Action Needed
	or educational activity and include such definition in its policy manual.			The Commissioner should furnish OPA a copy of its amended policy manual where educational purpose and educational activity are clearly defined.

Report No. AR-99-01 issued January 5, 1999 3. Audit of the William S. Reyes School and 50th Golden Jubilee Funds October 1994 to October 1996

Date(s) of followup letter(s) sent 11/26/99 Date(s) of response letter(s) received: None

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	The Commissioner should require the former principal and/or WSR school fund treasurer in SY 1994 to 1995 to reimburse the fund the amount for	PSS	Resolved Delinquent	The Commissioner in her letter to OPA stated that the PSS Legal Counsel would take immediate action to recover the funds.
	which they are determined to be accountable. If the former custodians			Further Action Needed
	refuse to pay back the funds, the matter should be referred to the AGO to enforce collection.			The Commissioner should provide OPA a copy of the collection letters and the responses of the former custodians. Once the amount is collected, a copy of the official receipt evidencing the collection should be provided to OPA.
4.	The 50 th Golden Jubilee executive committee should collect the outstanding receivables of \$1,163, representing t-shirts and 50 th Golden Jubilee souvenir items sold on account, and should pay the suppliers of these items for the amounts the committee still owes.	WSR 50 th Golden Jubilee Executive Committee	Open Delinquent	The president should provide copies of the (1) official receipts representing collections from the outstanding receivables, and (2) checks representing payment to the suppliers of the t-shirts and WSR souvenir items.

Public School System 4. **Independent Auditor's Report on Compliance** with Laws and Regulations Year Ended September 30, 1996

> Date(s) of followup letter(s) sent 11/26/99 Date(s) of response letter(s) received: None

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	PSS should ensure that retainers are not disbursed until final completion and acceptance of construction work and completion of the contracts.	PSS	Open Active	Provide OPA with personnel and procedural changes, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	PSS should institute policies and procedures to control access to and custodianship of participant files.	PSS	Open Delinquent (Outstanding since FY1995 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.
3.	PSS should ensure adherence to the standard Procurement Rules and Regulations.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of procedures adopted to retain documentation that shows compliance with established PSS procurement procedures, as stated in auditee response.
4.	PSS should establish stringent controls to ensure all required documents of eligibility are submitted by each applicant.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	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.
5.	PSS should ensure that the School Food Authority maintain applications on file in accordance with FNS guidelines.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of filing policies and procedures adopted to ensure appropriate record retention.
6.	PSS should ensure that the School Food Authority maintain accurate meal counts and records.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of filing policies and procedures adopted to ensure appropriate record retention.
7.	PSS should ensure that annual Single Audit are contracted prior to year end.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of the RFP for FY 1998, as stated in auditee response.
8.	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 FY1995 Single Audit)	Provide OPA copy of actions taken to adhere to a schedule of federal reporting deadlines.
9.	PSS should maintain and adhere to a schedule of federal reporting deadlines.	PSS	Open Active	Provide OPA copy of actions taken to adhere to a schedule of federal reporting deadlines.
10.	PSS should ensure that all reports are prepared as of the date noted, and be supported by a detailed printout of the general ledger to facilitate reconciliation.	PSS	Open Active	Provide OPA copy of actions taken to resolve timing difference on the recording of expenditures up to the date of filing the reports.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
11.	PSS should maintain and adhere to a schedule of reporting deadlines.	PSS	Open Active	Provide OPA copy of actions taken to adhere to a schedule of reporting deadlines.
12.	PSS should adhere to grant terms and conditions.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of actions taken to establish a waiting list and enroll additional children as soon as there are slots available as stated in auditee response.
13.	PSS should reconcile records for all amounts reported to the grantor agency, and perform any transfers between grant years on a timely basis.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of reconciliation of records using a report run on the same day as stated in auditee response.
14.	PSS should establish a system to ensure that appropriate records are maintained and are accessible for the required period.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of actions taken to ensure maintenance and organization of records and adherence to a schedule of federal reporting requirements.
15.	PSS should reconcile records for all amounts reported to the grantor agency.	PSS	Open Active	Provide OPA with copy of appropriate report preparation procedures.
16.	PSS should prepare and retain all required federal financial reports.	PSS	Open Active	Provide OPA with action taken to retain documentation that shows compliance with established federal reporting procedures.
17.	PSS should ensure that appropriate accounting policies and procedures are established for fixed assets.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with actions taken to ensure that required records relating to fixed assets are maintained.

5. Public School System Independent Auditor's Report on Internal Control Structure in Accordance with Government Auditing Standards Year Ended September 30, 1996

Date(s) of follow-up letter(s) sent : 11/26/99 Date(s) of response letter(s) received : None

	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 adjustments are made to transfers in and receivables for lapsed funding.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of appropriate reconciliation procedures between PSS and the CNMI.
2.	PSS should implement procedures to ensure appropriate file maintenance.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of procedures adopted for appropriate file maintenance.
3.	PSS should ensure adherence to the documented Procurement Rules and Regulations.	PSS	Open Active	Provide OPA actions taken to comply with PSS Procurement Rules and Regulations
4.	PSS should ensure that goods/services are received before disbursements are processed.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copies of signed receiving reports to ensure that goods are received before disbursements to vendors are processed, as stated in auditee response.
5.	PSS should implement a system whereby a receivable/payable account records all cash received from the grantor agency and records all related expenditures.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of procedures established to reconcile federal cash received with actual expenditures, and to establish total receivables at September 30, as stated in auditee response.
6.	PSS should adhere to prescribed procedures for posting interfund journal entries.	PSS	Open Active	Provide OPA with actions taken to follow prescribed procedures for posting journal entries.
7.	PSS should ensure that reconciliations for all bank accounts are prepared and approved on a monthly basis.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of bank reconciliations performed in a more timely manner, as stated in auditee response.
8.	PSS should improve internal controls over inventory by using prenumbered receiving reports and inventory issuance slips, and maintaining	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of procedures adopted to upgrade the entire system of accounting for inventories, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	subsidiary ledgers or stock cards to facilitate reconciliation of year end inventory balances.			
9.	PSS should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments.	PSS	Open Delinquent (Outstanding since FY1995 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.
10.	PSS should establish policies and procedures to systematically reconcile subsidiary records with the general ledger.	PSS	Open Active	Provide OPA with reconciliations between subsidiary ledgers and the general fund on a monthly basis, as stated in auditee response.
11.	PSS management should review the items in the encumbrance ledger to ensure that the encumbrances are properly recorded and valid.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of actions taken to review the encumbrance ledger.

Tinian Casino Gaming Control Commission

1. 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,

11/29/99

Date(s) of response letter(s) received: 12/19/94,8/8/96 (Extension requested up to 10/8/96), 4/14/99

	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	On April 14, 1999, the Executive Director of TCGCC responded that they would provide OPA a copy of the results as soon as they finalized the study.
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	On April 14, 1999, the Executive Director of TCGCC responded that they will provide OPA a copy of the results as soon as they finalized the evaluation.
5.	The Chairman of the TCGCC should initiate action 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	Resolved Delinquent	On April 14, 1999, the Executive Director of TCGCC reconsidered OPA's recommendation and stated that TCGCC had requested the Mayor to set up a task force to work with TCGCC to amend the existing regulations, including this matter. The target date of the proposed changes would be the next general election.
18.	The Chairman of the TCGCC should establish written policies regarding individuals who might be allowed to travel using Gaming Commission funds.	TCGCC	Resolved Delinquent	TCGCC provided us a copy of their Travel Policies. However, it was not sufficient to address the recommendation. Further Action Needed To close the recommendation, TCGCC should amend the Travel Policy to include written policies which would require justification for travel of persons outside the commission's members or staff. A copy should be provided to OPA.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
19.	The Chairman of the TCGCC should establish formal regulations to control official representation and grocery expenses.	TCGCC	Resolved Delinquent	TCGCC provided us a copy of their Official Representation Policy. However, it was not sufficient to address the recommendation.
				Further Action Needed
				To close the recommendation, TCGCC should amend its Official Representation Policy to include written policies and procedures for official representation and entertainment expenses as specifically enumerated in our audit report.
25.	The Chairman of the TCGCC should establish in writing and enforce regulations in TR authorization requirements and voucher computations. The Gaming	TCGCC	Resolved Delinquent	TCGCC provided us a copy of a memorandum dated 10/8/1998 on Travel Policy. However, it was not sufficient to address the recommendation.
	Commission should not allow a traveler to authorize his own travel.			Further Action Needed
	daveler to addiorize his own davel.			To close the recommendation, TCGCC should amend the Travel Policy to include provisions to prevent travelers from authorizing their own travel requests.
29.	The Chairman of the TCGCC should issue directives or policies for 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.	TCGCC	Open Delinquent	Provide us the following memorandum and forms: directive assigning a person to monitor the receipts and disbursements of licensing cost deposit, policies for 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 for 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.

Report No. AR-99-03 issued April 7, 1999 2. **Audit of Consultant's Contract** Fiscal Year 1997

 $Date(s) \ of \ followup \ letter(s) \ sent \\ \hspace{2.5cm} : \hspace{2.5cm} 1/5/2000 \ (AGO)$

Date(s) of response letter(s) received: 4/9/99 (TMO), 1/20/2000 (AGO)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	As Redirected to AGO - Institute legal action against the commissioners on grounds of gross neglect and dereliction of duty. Original - The Mayor of Tinian and Aguiguan should consider the	AGO	Resolved Active	On April 9, 1999, The Legal Counsel for TMO provided us with a copy of a letter dated March 17, 1999 requesting the AGO to institute legal action. On January 20, 2000, the AGO responded that a complaint had been completed and
rei gre	removal of the commissioners on grounds of gross neglect and dereliction of duty.			was awaiting final revision. It was anticipated that the compliant would be filed in February against the consultant and the commission members who authorized the contract.
				Further Action Needed

Further Action Needed

The AGO should provide OPA copy of documents showing legal action instituted against the commissioners.

Workmen's Compensation Commission

1. **CNMI Workmen's Compensation Commission Independent Auditor's Report on Compliance and Internal Control** Over Financial Reporting Based on an Audit of Financial Statements Year Ended September 30, 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.	WCC should ensure that accounts receivable transactions are properly recorded in the detail records and are accumulated, classified, and summarized in control accounts.	WCC	Open Active	Provide OPA procedures for reconciliation of control accounts with subsidiary ledgers.

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Washington Representative's Office

Washington Representative's Office

Report No. AR-99-02 issued March 29, 1999
 Verification of Expenses and Review of
 Selected Administrative Practices of the
 Washington Representative's Office
 Fiscal Years 1995 and 1996

Date(s) of followup letter(s) sent : 11/29/99 Date(s) of response letter(s) received : 10/6/99

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or
		to Act		Action Required
5.	The Washington Representative should issue a directive requiring WRO personnel to comply with CNMI personnel policies and procedures for excepted service employees with regard to employment conditions, leave policy, position qualification requirements, and other personnel administration requirements, unless deviations are specifically authorized.	WRO	Resolved Delinquent	WRO should provide OPA with a copy of the written directive to WRO personnel.
6.	The Washington Representative should issue a directive informing WRO personnel that all employment contracts shall cover not one year but two years subject to availability of funds, and shall include provisions that repatriation benefits will accrue only upon completion of the two-year contract and that any employee who receives repatriation benefits upon expiration or termination of a contract shall not be eligible for expatriation benefits under a new contract within six months of that expiration or termination.	WRO	Resolved Delinquent	WRO should provide OPA with a copy of the revised contract form containing provisions that repatriation benefits will accrue only upon completion of the two-year contract, and that any employee who receives repatriation benefits upon expiration or termination of a contract shall not be eligible for expatriation benefits under a new contract within six months of that expiration or termination.
7.	The Washington Representative should issue a directive requiring WRO employees receiving housing allowance to provide WRO with documents (e.g., copy of lease agreement) demonstrating the actual	WRO	Resolved Delinquent	WRO should provide OPA with a copy of the written directive to WRO personnel.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	cost of housing, and informing employees that they will be reimbursed only for actual housing costs not exceeding the maximum amount established by WRO.			
8.	The Washington Representative should issue a directive instructing the WRO Fiscal Officer to compute budget estimates for housing allowance based on the projected number of employees receiving housing allowance.	WRO	Resolved Delinquent	WRO should provide OPA with a copy of the written directive to WRO personnel.
9.	The Washington Representative should issue a directive requiring WRO administrative staff to use DOF's Master Leave Report as a management tool for authorizing leave, particularly when advance leave is requested.	WRO	Resolved Delinquent	WRO should provide OPA with a copy of the written directive to WRO administrative staff.
15.	The Washington Representative should continue his efforts to collect the outstanding loan until such time as he is assured that any further collection efforts would be futile. At that time, the loan documentation should be turned over to the Department of Finance in Saipan for further action. If the obligation is collected, the amount should be returned to the CNMI General Fund.	WRO	Resolved Delinquent	For the \$1,080.25 employee loan, we were provided with documents showing that \$430 was deposited to the account of the Office of the Resident Representative as partial payment of the loan. For the balance of \$650.25, we were provided a copy of an allotment advice for deduction of \$100 per pay period from the employee's pay check We were able to verify with the payroll division that a total of \$600 was deducted from the employee leaving an unpaid balance of \$50.25.
				For the \$2,500 loan, we were provided a copy of a promissory note where it was stipulated that the loan will be paid in installments of \$100 per month commencing on October 30, 1999.
				Further Action Needed
				WRO should provide OPA the current status of the \$2,500 loan, and include copies of documents evidencing the collection effort and/or receipt of payment by WRO.

Recommendation

Agency to Act

Status

Agency Response/ Additional Information or Action Required

WRO should provide OPA with copies of documents evidencing collection of the \$50.25 balance of the employee loan.

APPFNDIX A

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

CADF Commonwealth Alien Deportation Fund

CAO Carolinian Affairs Office

CDA Commonwealth Development Authority
CDRR Cashier's Daily Reconciliation Reports
CFDA Catalogue of Federal Domestic Assistance

CFR Code of Federal Regulation

CGECU Commonwealth Government Employees Credit Union

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

CU Certification Unit

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

DOLI Department of Labor and immigration

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
GASB Government Accounting Standards Board

GOV Group Health Insurance
GOV Office of the Governor

GSLA Guam Savings and Loan Association HCFA Health Care Financing Administration

HOUSEREP House of Representatives

HRDTF Human Resources Development Trust Fund

ID Identification

IRS Internal Revenue Services

JFF Just For Fun

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 Nutrition Assistance Program **NAP** NIL **Numbers International Lottery NIMO** Northern Islands Mayor's Office **NMC** Northern Marianas College

NMHC Northern Marianas Housing Corporation

NMI-GHLITF Northern Mariana Islands Government Health and Life Insurance Trust Fund

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

WCC Workmen's Compensation Commission WRO Washington Representative's Office

WSR William S. Reyes

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