

Report on CNMI Agencies' Implementation of
Audit Recommendations
As of December 2000

Office of the Public Auditor
Commonwealth of the Northern Mariana Islands





Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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REPORT ON CNMI AGENCIES' IMPLEMENTATION OF AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2000 (with agency responses up to April 2, 2001 incorporated)

April 10, 2001

Interagency Audit Coordinating Advisory Group
Saipan, MP 96950

Enclosed is a copy of the report on CNMI agencies' implementation of audit recommendations included in audit reports issued by the Office of the Public Auditor (OPA) as of December 31, 2000. For the calendar year 2000, OPA issued 14 audit reports to various departments and agencies of the Commonwealth Government, which set forth a total of 70 recommendations. The 70 recommendations were in addition to the 194 recommendations outstanding at the beginning of the year, making a total of 264 recommendations tracked for the year.

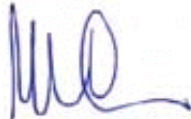
We have also included recommendations issued by private CPA firms to the report. As of March 2001, CPA firms issued 12 audit reports on the internal control structure and compliance with laws and regulations, 11 of which set forth a total of 107 recommendations.

During the year, the meetings by the Interagency Audit Coordinating Advisory Group (Coordinating Group) to discuss actions to be taken on outstanding recommendations supported OPA's efforts to close recommendations, and encouraged agency action on delinquent recommendations. In January 2001, OPA sent follow-up letters requesting various government agencies to provide information concerning action taken in addressing outstanding recommendations. This report incorporates the results of those meetings and the responses to follow-up letters received by OPA on or before April 2, 2001.

We appreciate the actions taken by the Coordinating Group to address outstanding audit recommendations. These actions resulted in the closure of more recommendations and the reclassification of delinquent recommendations to active status. Details of the status of audit recommendations are provided in the enclosed report.

In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals and corporations in the audits are not disclosed in this report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MS Sablan', with a stylized flourish at the end.

Michael S. Sablan
Public Auditor, CNMI

xc: Governor Pedro P. Tenorio
Lt. Governor Jesus R. Sablan
Members, Twelfth CNMI Legislature (25 copies)
Agencies and Departments with Recommendations
Included in this Report
Local Media

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Introduction

Background

The provisions of 1 CMC §2307 established the Interagency Audit Coordinating Advisory Group (Coordinating Group) consisting of the presiding officer and minority leader of each house of the Legislature, the Secretary of Finance, and the Special Assistant for Management and Budget. According to the law, the Coordinating Group 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 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 early 2000, the Coordinating Group met and decided to follow up on the actions taken by various government agencies to address OPA's outstanding audit recommendations by scheduling meetings with each Department Head. Starting September 2000, meetings were held by the Coordinating Group to discuss actions to be taken to close the outstanding recommendations pertaining to government agencies under the Executive Branch of the Government which include, among others, the Department of Public Safety, the Department of Community and Cultural Affairs, the Department of Lands and Natural Resources, the Attorney General's Office, the Department of Public Health, the Department of Finance and the Department of Public Works. In January 2001, OPA sent follow-up letters requesting various government agencies to provide information as to what actions were taken toward addressing the outstanding recommendations. This report incorporates the results of the meetings and the responses to follow-up letters which OPA received on or before April 2, 2001. The meetings and follow-up letters effected the closure of recommendations and the reduction of delinquent recommendations. In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals and corporations in the audits are not disclosed in this report.

Audit Recommendation Tracking System

OPA, in conjunction with the Coordinating Group, maintains an audit recommendation tracking system to monitor implementation and resolution of audit recommendations.

Both open and resolved audit recommendations were included in OPA's tracking system. In addition, we have also included recommendations which were closed for the past six months. An *open* recommendation is one where no action or plan of action has been made, or no time frame for the plan of action has been provided 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

For the year 2000, OPA issued 14 audit reports to various departments and agencies of the Commonwealth Government which set forth a total of 70 recommendations. The 70 recommendations were in addition to the 194 recommendations outstanding at the beginning of the year, making a total of 264 recommendations tracked for the year. Of the 264 audit recommendations, 102 were closed and 162 remained either open or resolved. Of the 162 open or resolved recommendations, 61 were considered delinquent.

The following table presents a comparative schedule of the status of all our audit recommendations for calendar years 1999 and 2000.

Status of Audit Recommendations	1999	2000	Increase (Decrease)
Number of Audit Reports Issued During the Year	13	14	1
Outstanding Recommendations, Beginning of Year	284	194	(90)
Recommendations Made During the Year	28	70	42
Total Recommendations Tracked for the Year	312	264	(48)
Less: Closed Recommendations	(118)	(102)	(16)
Outstanding Recommendations, End of Year (Open or Resolved)	194	162	(32)
Number of Delinquent Recommendations	181	61	(120)

Actions taken by the Coordinating Group supported OPA's efforts to close recommendations and encouraged agency action on delinquent recommendations. OPA closed 102 or 39 percent of the 264 recommendations it tracked in 2000, which is about the same rate in 1999 - 38 percent or 118 of 312 recommendations. In addition, delinquent recommendations decreased by 66 percent from 181 in 1999 to 61 in 2000.

We have also included in this report recommendations issued by private CPA firms. As of March 2001, CPA firms issued 12 audit reports on the internal control structure and compliance with laws and regulations, 11 of which set forth a total of 107 recommendations. Of the 107 recommendations, 17 were closed and 90 remained either open or resolved. Of the 90 open or resolved recommendations, 51 are considered delinquent.

Closed Recommendations

An analysis of the 102 closed recommendations for the year 2000 showed that most of those closed were largely because agencies acted on them by implementing policies and procedures and issuing memoranda and directives to reiterate compliance with existing laws and regulations. The following table shows a breakdown of the 102 closed recommendations classified as to actions taken by the agency which led to the closure of the recommendations.

Actions Taken to Close Recommendations	No. of Closed Recommendations
Implementation of Policies and Procedures	28
Issuance of Memoranda and Directives	25
Superseded Recommendations	9
Applicability of Statute of Limitations	6
Execution of Memorandum of Understanding	5
Alternative Actions Taken Sufficient to Close Original Recommendation	5
Compliance with Administrative Leave Provisions	4
Proof of Compliance with CNMI Procurement Regulations	3
AGO Declined to Take Action	2
Unenforceable Due to Justifiable Reasons	2
Implementation of the JD Edwards System	2
Overtaken by Events	2
Others	9
Total for the Year	102

Delinquent Recommendations

Delinquent recommendations decreased by 66% from 181 in 1999 to 61 in 2000 (see **Table 1**). This decrease in the number of delinquent recommendations is largely attributable to the meetings held with the various government agencies. In those meetings, the Agency Heads provided a reasonable plan and time frame for action which reclassified delinquent recommendations to active status. In addition, agencies took action on recommendations by responding to follow-up letters sent by OPA and providing documents sufficient to close some delinquent recommendations.

Year	1999	2000	Increase (Decrease)
1994	18	5	(13)
1995	32	8	(24)
1996	10	2	(8)
1997	36	3	(33)
1998	76	25	(51)
1999	9	6	(3)
2000	0	12	12
Total	181	61	(120)

Table 1 - Delinquent Recommendations

In year 2000, implementation of recommendations issued in 1999 and prior years improved. However, some agencies still failed to take action on recommendations and did not respond to follow-up letters sent by OPA.

Below is an aging of the 61 delinquent recommendations issued in years 1994 to 2000 ranked by agency:

Agency to Act	Year Report Was Issued							Total
	1994	1995	1996	1997	1998	1999	2000	
1. Commonwealth Ports Authority		4	2		1		2	9
2. Public School System				2	4	2		8
3. Commonwealth Utilities Corporation		4			1		2	7
4. Rota Municipal Council					7			7
5. Tinian Casino Gaming Control Commission	5							5
6. Saipan Mayor's Office					3	1		4
7. Washington Representative's Office					1	3		4
8. Northern Marianas College					1		2	3
9. Senate President							2	2
10. Speaker of the House of Representatives							2	2
11. Board of Education					1			1
12. Department of Labor and Immigration					1			1
13. Emergency Management Office					1			1
14. Legislative Bureau					1			1
15. Legislature					1			1
16. Northern Mariana Islands Retirement Fund							1	1
17. Office of Management and Budget				1				1
18. Office of the Governor							1	1
19. Saipan Municipal Council					1			1
20. Senate					1			1
21. Attorney General's Office								0
22. Board of Public Lands								0
23. Carolinian Affairs Office								0
24. Commonwealth Development Authority								0
25. Commonwealth Government Employees Credit Union								0
26. Department of Community and Cultural Affairs - Office of Aging								0
27. Department of Finance								0
28. Department of Lands and Natural Resources								0
29. Department of Public Health								0
30. Department of Public Safety								0
31. Marianas Visitors Authority								0
32. Medicaid Office								0
33. Northern Mariana Islands Government Health and Life Insurance Trust Fund								0
34. Office of Personnel Management								0
35. Office of Public Lands								0
36. Public Defender's Office								0
37. Rota Mayor's Office								0
38. Superior Court								0
39. Workmen's Compensation Commission								0
Number of Delinquent Recommendations	5	8	2	3	25	6	12	61

AGO action needed for recovery of at least \$662,000

As of December 31, 2000, recommendations in 13 audit reports were referred to the Attorney General's Office (AGO) for legal action to recover monies improperly expended. According to OPA's audit reports described in the following table, approximately \$662,000 is potentially recoverable.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per AGO
1	AR-99-04 (10-28-99)	CNMI - Questionable payments on three professional services contracts (Contract nos. C70180, C70301, C70220) audited covering the period October 1, 1995 to May 4, 1998.	\$253,400	AGO to determine if legal action can be filed locally on contract nos. C70180 and C70301; legal action will be filed within 60 days for contract no. C70220.
2	AR-00-01 (4-13-00)	DPW - Recovery of \$164,534 improper payments made to a contractor and adverse action against contractor for misrepresentation including debarment from future government solicitations on the contract for the Tinian road resurfacing project in Fiscal Year 1997.	164,534	AGO requested that restitution be ordered by the United States Probation Department; status required for related legal action for debarment of contractor.
3	AR-97-05 (3-20-97)	CNMI - Promissory note for overpayment of two professional services contracts (Contract nos. C40113 and C50108) audited covering the period October 1, 1991 to July 20, 1995.	96,100	Partial recovery of \$1,500 leaving a balance of \$94,600 still to be recovered.
4	AR-98-06 (12-14-98)	DOF - Funds misused by the former Secretary of Finance from fiscal years 1995 to 1997.	75,000	AGO to file civil case in addition to the federal case for misappropriation and improper expenditure of public funds.
5	AR-98-05 (8-18-98)	GOV - Overpayment of professional services contract of the former Acting Attorney General (Contract No. C60376) for services rendered from October 1, 1996 to August 7, 1997.	35,125	Investigation is pending to locate the defendant; AGO to determine if legal action can be filed locally or where the defendant is located.
6	AR-97-11 (8-12-97)	GOV - Office of the Special Assistant for Drug and Substance Abuse - Excess payment to a contractor for professional services rendered from March 27, 1996 to February 28, 1997.	21,365	AGO to further review information on the matter; copy of the audit report provided by OPA to AGO.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per AGO
7	LT-98-07 (8-5-98)	DOF - Overpayment of salaries to a former Technical Financial Analyst for tardiness, absences and excess overtime for the period September 28, 1997 to March 28, 1998.	6,302	AGO to send out demand letter requesting employee to pay back the salary for which no work was performed.
8	AR-97-06 (4-23-97)	DPH - Rota Health Center (RHC) - Recovery from the former RHC Director of amount taken from RHC funds and reimbursement for cost of a washing machine for the period December 1993 to March 1996.	4,982	AGO to further review information on the matter; copy of the audit report provided by OPA to AGO.
9	LT-98-03 (2-17-98)	CPA - Settlement of lease expense and cost of salary of the former CPA Deputy Director as a result of misuse of a government vehicle from late May or early June 1996 to September 18, 1996.	3,000	AGO informed OPA that \$250 monthly payments were made on the settlement agreement.
10	AR-97-07 (6-3-97)	DPH - Developmental Disabilities Council (DDC) - Recovery from the former DDC Executive Director of the unpaid balance of charges in personal calls, advances and retroactive salary increase as of July 1996.	1,964	AGO to send out demand letter to employee; if there is no response to the demand letter, a civil action will be filed.
11	AR-99-03 (4-7-99)	TCGCC - Legal action against commissioners on grounds of gross neglect and dereliction of duty on the audit of consultant's contract for Fiscal Year 1997.	Unknown.	AGO has prepared a civil recovery action which has yet to be filed depending upon the completion of the investigation.
12	AR-96-05 (3-21-96)	DPL - Recovery of rentals due from a restaurant and recovery from a lessor of all payments collected from a sublessee for the subleasing of the Saipan Fishing Center building as of October 31, 1995.	Unknown.	No information on the investigation is available; AGO to fully explore prospects for recovery to determine if the case truly has merit.
13	AR-95-18 (10-10-95)	DPL - Double payment of travel expenses and overpaid per diem allowances to the former Executive Director and former Comptroller for the period September 1992 to September 1994.	Unknown.	Former Executive Director agreed to pay back in excess of \$54,000 based on a settlement agreement; judgement on case against former Comptroller is pending in the Superior Court.
Total Amount Recoverable			\$661,772	

In addition, OPA also referred to AGO a recommendation in one audit report (Report No. LT-00-09 issued December 13, 2000) for possible prosecution of individuals involved in multiple counts of theft, bribery, political coercion, conspiracy, solicitation and misconduct in public office.

Potential recovery of \$6.0 million hinges on agencies' actions

Recommendations in thirteen audit reports identified potential recoveries due to unpaid rentals of land leases, overpayments in professional services contracts, and improper expenditures of public funds. Recovery efforts by various agencies are ongoing to collect approximately \$6.0 million.

As of April 2, 2001, initial actions by agencies resulted in partial recovery of \$109,097 leaving a balance of \$5,818,480 as shown in the following table.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per Agency
1	AR-00-04 (11-22-00)	Board of Public Lands - Collection of rentals on land leases from 8 quarry operators for six lease years from 1990 to 1995.	\$3,743,740	\$30,863 recovered from two quarry operators; \$946,968 due from one quarry operator written off due to bankruptcy.
2	AR-99-04 (10-28-99)	CNMI - Overpayments of \$87,096 on ten professional services contracts immediately recoverable (Contract nos. C50305, C60114, C70180, C60334, C60196, C60142, C70156, C50388, C70149, and C60355) and various unsupported expenses for \$1,400,956 recoverable unless adequately supported by the contractors covering the period October 1, 1995 to May 4, 1998.	1,471,052	Partial recovery of \$61,794 recovered (for C50305, C60114 and C60142); \$11,000 redirected to AGO (for C70180 & C70149); \$6,000 not to be pursued (C60334); and to pursue collection on Contract Nos. C60196, C70156, C50388 and C60355 for \$8,302.
3	AR-00-05 (12-14-00)	PSS - Recover Trust Fund money used for the operation of the MHS Food Court covering school year 1998-1999.	369,866	PSS to restore funds back to the Trust Fund.
4	AR-00-03 (7-20-00)	CPA - NMIRF to recover improper payments to two former CPA officials for retirement benefits and compensatory time claimed.	126,730	NMIRF started withholding 50% of the former CPA Executive Director's semi-monthly pension; written settlement plan required for the former CPA Security Chief.
5	AR-98-06 (12-14-98)	DOF - Funds misused by the former Secretary of Finance from fiscal years 1995 to 1997.	56,462	\$56,462 is the total restitution ordered by the Federal Court.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per Agency
6	AR-95-18 (10-10-95)	DPL - Double payment of travel expenses and overpaid per diem allowances to the former Board Chairman, Tinian board member and Rota board member for the period September 1992 to September 1994.	52,977	Partial recovery of \$13,050.
7	AR-95-17 (10-2-95)	CPA - Improper disbursements from the board members covering selected board-related transactions from fiscal years 1991 to 1994.	42,191	Status pending from agency.
8	AR-97-05 (3-20-97)	CNMI - Overpayment to contractors of three professional services contracts (Contract nos. C40276, C50083 & C50208) audited covering the period October 1, 1991 to July 20, 1995.	25,079	Status pending from agency.
9	AR-99-01 (1-5-99)	PSS - Recover accountability for funds for the William S. Reyes School and 50 th Golden Jubilee Funds within the inclusive period from October 1994 to October 1996.	12,123	Status pending from agency.
10	AR-00-02 (7-10-00)	CDA - Recover accrued interest on public funds advanced for parking lot improvements from January 1998 to August 1999	9,278	CDA may reconsider and implement the recommendation.
11	AR-97-06 (4-23-97)	DPH - Deny claims for repairs and non-existent lease for the period December 1993 to March 1996.	9,000	Status pending from agency.
12	AR-97-01 (2-27-97)	GOV - Medical Referral Office - Receivables from two families for funeral expenses covering the period July 1, 1990 to January 9, 1994.	5,499	Status pending from agency.
13	AR-99-02 (3-29-99)	WRO - Outstanding employee loans for Fiscal Years 1995 and 1996.	3,580	Partial Recovery of \$1,330.
Total Amount Recoverable			\$5,927,577	
Less: Partial Recoveries			109,097	
Balance of Amount Recoverable			\$5,818,480	

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Executive Branch Offices

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

Office of the Governor

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

Date(s) of followup letter(s) sent : 7/09/97, 11/12/97, 2/02/98, 9/17/98 (AGO) (DOF), 9/21/98 (DPH), 11/23/99 (DOF), 11/23/99 (DPH), 1/26/99 (AGO), 1/5/2000 (AGO), 7/6/00 (DPH), 7/13/00 (DOF), 9/14/00 (DOF), 1/19/01 (DOF), 1/30/01 (DPH)

Date(s) of response letter(s) received : 8/26/97 (M/HLO), 1/29/97 (DOF), 12/27/99 (DPH), 1/11/2000 (DOF), 7/16/00 (DOF), 11/14/00 (meeting with Coordinating Group on DPH), 11/21/00 (meeting with Coordinating Group on DOF), 11/21/00 (DOF), 2/16/01 (meeting with DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>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.</p>	<p>DPH</p>	<p>Resolved Active</p>	<p>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.</p> <p>During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary stated that the Medical Referral Policy which includes sections on ticket upgrades, hotel accommodations, and funeral services is being finalized.</p> <p>Further Action Needed</p> <p>The responses partially addressed the recommendation because we were provided with the funeral service policies. However, to close the recommendation, the DPH Secretary should provide us the final copy of the Medical Referral Policy which would show amendments to 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.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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	Closed	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary asked that this recommendation be closed because the statute of limitation has run out on these two non-government employees.
10. The Secretary of Finance should develop and implement an accounts receivable subsidiary ledger system that can readily provide the status (i.e., current or past due) and outstanding balances of amounts owed by individuals.	DOF	Closed	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary asked that this recommendation be closed and directed the Finance and Accounting Division Director to provide OPA a copy of the Accounts Receivable Manual. However, OPA can also check the accounts receivable subsidiary ledger system on line in the JD Edwards system.
11. <i>Original:</i> The Secretary of Finance should assign a DOF staff member to verify the status of receivables from two families for funeral expenses amounting to \$2,183 and \$3,316, respectively, and pursue collection if still outstanding.	DOF - Redirected to DPH	Resolved Active	During the 11/21/00 meeting with the Coordinating Group, the DOF-Finance and Accounting Division Director agreed to be responsible for verifying with DPH-MRO as to the status of receivables from the two families for funeral expenses amounting to \$2,183 and \$3,316, respectively.
<i>As Redirected to DPH:</i> The Medical Referral Office (MRO) under DPH should verify the status of receivables from two families for funeral expenses amounting to \$2,183 and \$3,316, respectively for a total of \$5,499, and pursue collection if still outstanding.			In a follow-up meeting with DOF on 2/16/01, the DOF Secretary informed OPA that MRO failed to provide the information although MRO admitted to DOF that they have information on the status of receivables. As such, DOF suggested that this recommendation be redirected to DPH.
12. The Secretary of Finance should establish written policies and procedures to resolve and adjust bank reconciling items in a timely manner.	DOF	Closed	Further Action Needed The MRO should provide OPA information as to the status of the receivables from two families for funeral expenses and pursue collection of \$5,499 if still outstanding. During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a copy of its memorandum to the Acting Director of Finance and Accounting establishing DOF's Bank Reconciliation policies. The memorandum completely addressed the recommendation.

2. Report No. AR-97-II issued August 12, 1997

Procurement of Professional Services 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, 7/13/00 (DOF), 1/17/01 (AGO)
 Date(s) of response letter(s) received : 8/20/98 (AGO), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO)

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	Closed	It was agreed during the 11/21/00 meeting with the Coordinating Group that this recommendation will be closed since the contract has been cancelled (Contract No. C60221-01) and DOF, therefore, will not make any payment on the invoice.
5. <i>Original:</i> Reduce any future payments to the contractor 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 - Redirected to AGO	Resolved Active	In the AGO's 8/20/98 opinion, it was stated that payment was, in fact made for PO P68172 and for supplemental contract C70199. According to DOF, the payments were made on the basis of AGO's opinion that the two pending invoices are separate contractual obligations from the original contract. The AGO, therefore, advised DOF that those separate obligations be paid.
<i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$21,365 which was paid in excess of the firm fixed price.			Since payment has been paid on PO P68172 and supplemental contract C70199 for a total of \$22,893, the Secretary of Finance should still take action to recover the \$21,365 payment in excess of the firm fixed price.
			During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 sent to the contractor to collect the \$21,365 in excess payments. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.
			Further Action Needed
			The AGO should notify OPA of the results of its review and if legal action to pursue collection of the \$21,365 in excess payments will be taken.

3. 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), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF)
Date(s) of response letter(s) received : 2/00 (DOF), 11/9/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. <i>Original:</i> 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.</p> <p><i>As Revised and Redirected to the AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$35,125 in overpayment (Contract No. C60376).</p>	DOF - Redirected to AGO	Resolved Active	<p>In his 3/9/01 response, the Acting Attorney General informed OPA that the case will be pursued as to the overpayment amount of \$35,125. Investigation is pending to locate the defendant and AGO is researching jurisdictional issues to determine whether or not an action can be filed locally or whether it should be filed where the defendant is located.</p> <p>Further Action Needed</p> <p>The AGO should provide OPA documents showing that the planned legal action to pursue collection of the \$35,125 in overpayment has been filed.</p>
<p>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.</p>	DOF	Closed	<p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a copy of its 11/9/00 memorandum to the Acting Director of Finance and Accounting establishing procedures for processing payments. The memorandum completely addressed the recommendation.</p>

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	Resolved Active	The Secretary of Finance has proposed extensive revisions to the CNMI Procurement Regulations which was published in the Commonwealth Register of February 23,2001 for review and comments of interested parties until March 23, 2001. DOF is now in the process of reviewing comments received on the proposed revisions to finally adopt the revised CNMI Procurement Regulations.
5. Pursue revision of the CNMI Procurement Regulations which had been started and then suspended by the previous administration.	DOF	Resolved Active	<p>Further Action Needed</p> <p>Recommendations 4 and 5 - The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations upon its adoption.</p>

Department of Community and Cultural Affairs

**I. 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, 7/6/00, 1/30/01

Date(s) of response letter(s) received : 10/3/00 (meeting with the Coordinating Group on DCCA)

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 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.
4. Institute appropriate adverse actions against the Office of Aging's (Office) former Accountant and Kitchen Supervisor in accordance with personnel regulations.	DCCA	Open Active	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. Although no criminal case was

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>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, non-governmental 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.</p> <p>During the 10/3/00 meeting with the Coordinating Group, the DCCA Secretary agreed to provide OPA documents showing that inventory control forms are being used for its food supplies and records are being maintained. The DCCA Secretary also agreed to provide a copy of the memorandum to employees on regulating the use of the facilities at the Office of Aging and agreed to verify if the time limitation on issuing adverse actions has expired.</p> <p>Further Actions Needed</p> <p>Recommendation 1 - Provide OPA a copy of the written policies and procedures.</p> <p>Recommendation 2 - Provide OPA a copy of written instruction to the Office of Aging employees.</p> <p>Recommendation 4 - Provide OPA a copy of the document evidencing institution of appropriate adverse action (i.e., removal) against the Kitchen Supervisor if still appropriate.</p>

Department of Finance

I. 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, 7/13/00, 1/17/01 (AGO)
 Date(s) of response letter(s) received : 10/22/98, 12/18/98, 2/10/99, 9/27/00, 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01(AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. <i>Original:</i> 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.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$6,302 in overpayment (\$5,975 for tardiness and absences, and \$327 excess overtime).</p>	<p>DOF - Redirected to AGO</p>	<p>Resolved Active</p>	<p>In a 12/18/98 letter sent to the Technical Financial Analyst, 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 (CSC).</p> <p>On September 27, 2000, DOF provided OPA a copy of the letter of the CSC to the Technical Financial Analyst which states that CSC considers the case closed because of inaction on the part of the Technical Financial Analyst to respond.</p> <p>We verified with DOF if the closure of the case by CSC would mean that DOF can now proceed with recovery of the overpayment. DOF informed OPA that they were advised by their Legal Counsel that collection of the overpayment can be done only through legal proceedings.</p> <p>During the 11/21/00 meeting with the Coordinating Group, DOF agreed to refer this case to the AGO. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will send out a</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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demand letter requesting the employee to pay back the salary for which no work was performed.

Further Action Needed

The AGO should notify OPA of the results of the action taken to pursue collection of the \$6,302 in overpayment (\$5,975 for tardiness and absences, and \$327 excess overtime).

**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, 1/5/00 (AGO), 1/17/01 (AGO)
Date(s) of response letter(s) received : 1/20/00 (AGO), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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1. *As Redirected to AGO:* Take legal 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, \$47,836.70 is immediately recoverable and \$52,411.96 is recoverable unless adequately justified or supported by the former Secretary.

DOF -
Redirected
to AGO

Resolved
Active

On 2/22/01, the Federal Court sentenced the former Finance Secretary to 33 months imprisonment and ordered payment of \$56,461.98 in restitution to the court for disbursement to the CNMI Department of Finance.

In his 3/9/01 response, the Acting Attorney General stated that the AGO waited until the federal crime case concluded since one count in the case was covered by AGO's case. The former Secretary was ordered to pay restitution on the case filed by AGO thereby reducing the maximum potential judgement. However, AGO will still seek a judgement of approximately \$75,000 against the former Secretary of Finance for misappropriation and improper expenditure of public funds.

Further Action Needed

DOF should provide OPA proof of collection of the \$56,461.98 restitution for the federal case. In addition, AGO should provide OPA

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			documents on the planned civil action to be filed against the former Secretary of Finance.

**2. Report No. LT-00-02 issued March 14, 2000
Audit of the Department of Finance's
Double Payments of 1995 Corporate Tax Rebates to
Eleven Taxpayers in Fiscal Year 1997**

Date(s) of followup letter(s) sent : 7/13/00, 1/19/01

Date(s) of response letter(s) received : 12/7/00 (meeting with Coordinating Group on DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Require the DOF-Accounts Payable Section of the Division of Finance and Accounting to strictly comply with its established control procedure for processing complaints of non-receipt of corporate tax rebate payments, in particular verifying if previous payment has been made before processing a new payment.	DOF	Resolved Active	<p>The Secretary of Finance addressed Recommendations 1 and 2 by stating that a new tax system is currently being developed to give DOF the capability to automate processing of the corporate rebate tax returns. Because the annual returns will be entered and processed through the tax system, the rebate computations and preparation of rebate checks will be part of the automated process. Since the payment data are stored, the system will automatically flag a warning if a rebate check has already been issued to a particular corporation for a specific tax year. This process will ensure the detection of duplicate processing of a return and potential double payment of a tax rebate. The new tax system is expected to be completed by the summer of year 2000. DOF anticipates processing the 1999 tax returns using the new system.</p> <p>During the 12/7/00 meeting, the DOF Revenue and Taxation Division Director agreed to provide OPA copy of control procedures established to avoid double payments.</p>

2.	Develop and implement control procedures in its financial management system which will recognize and flag potential duplicate processing of corporate tax rebate payments.	DOF	Resolved Active	Further Actions Needed Recommendations 1 and 2 - Provide OPA copies of the control procedures established to avoid double payments as agreed during the meeting. Specifications for the internal control of the new tax system (once the development phase is completed) should include features that will prevent or easily allow the detection of double payments. The new tax system should be able to handle the processing of the following cases and the control procedures available: (1) an amendment to the original corporate tax return that was successfully processed in the system and a check has been processed and issued; (2) a request for manual rebate check because the corporate tax return is pending in the system (due to data entry error, reporting error, incomplete information or support on tax return, etc.); and (3) a replacement check because the original check issued was missing.
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**3. Report No. LT-00-06 issued June 20, 2000
Audit of Government Revenues from the
CNMI Lottery Operations for the
First Quarter of Fiscal Year 1999 Ending December 31, 1998**

Date(s) of followup letter(s) sent : 7/13/00

Date(s) of response letter(s) received : 11/21/00 (meeting with Coordinating Group on DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	DOF	Closed	Recommendations 2, 3, and 4 are considered closed because these recommendations were superseded by the recommendations set forth in the next Audit of Government Revenues from the CNMI Lottery Operations for the Second Quarter of Fiscal Year 1999 Ending March 31, 1999 (Report No. LT-00-08 issued June 20, 2000).
3.	DOF	Closed	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. Check whether Operator C reported revenues from the owner of Agency B operations in the computation of commissions remitted to DOF. If the revenues were not reported, the commissions due to the CNMI Government from the undeclared revenues, including interest and penalty, should be recovered immediately from Operator C.	DOF	Closed	

**4. Report No. LT-00-08 issued September 18, 2000
Audit of Government Revenues from the
CNMI Lottery Operations for the
Second Quarter of Fiscal Year 1999 Ending March 31, 1999**

Date(s) of followup letter(s) sent : 1/19/01

Date(s) of response letter(s) received : 3/19/01 (meeting of OPA and DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Initiate actions to implement the adopted amendments relating to control procedures established to ensure completeness of government revenues received from the Number Game (Jueteng) operators (Rule 24 - Jueteng Documentation and Record-Keeping, and Rule 25 - Game Rules for Jueteng Game).	DOF	Closed	During the March 19, 2001 meeting between OPA and DOF, the Secretary of Finance stated that DOF has initiated actions on the recommendation by providing Operator B a copy of the adopted amendments and Operator B implemented (although not fully) the use of the recommended log sheets. The initial actions taken by DOF is sufficient to close the recommendation.
2. Address our pending recommendation on determining the proper license that should be issued to Agency A to operate the CNMI retail lotto services.	DOF	Closed	During the March 19, 2001 meeting between OPA and DOF, the DOF Secretary provided OPA copies of the Assistant Attorney General's (AAG) March 15, 2000 letter and Operator A's June 27, 2000 letter discussing the current status of the lottery license of Operator A to address the recommendation. The letters provided that it is the conduct of the Secretary and the Manager of Agency A, <i>i.e.</i> , DOF's authorization to Agency A for continued operation of the CNMI Lottery on behalf of Operator A for a 90-day period, that manifest their intentions to continue the

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. Address our pending recommendation on determining whether Operator C reported revenues from the owner of Agency B's operations in the computation of commissions remitted to DOF. If the revenues were not reported, the commissions due to the CNMI Government from the undeclared revenues, including interest and penalty, should be recovered immediately from Operator C.</p>	DOF	Closed	<p>relationship on the terms and conditions initially set forth in the Assignment of Lottery License.</p> <p>Furthermore, although the Lottery Act and the Lottery Regulations conflict with regards to assignment of a license, the AAG letter concluded that the Assignment of Lottery License entered into between Operator A and DOF was valid when signed by the parties and pursuant to applicable law remains valid and in full force and effect since pursuant to the language of this Agreement, the parties through their conduct have renewed and extended the Assignment at 90-day intervals from June 30, 1998 through the current date. On the basis of the information provided by DOF, we consider the recommendation closed.</p> <p>During the March 19, 2001 meeting between OPA and DOF, the DOF Secretary stated that the AGO is currently investigating the case of the operations of Agency B. With regards to the undeclared revenues of the operations of Agency B, DOF stated that the revenues were derived for operation of games not related to jueteng thus the revenues should be subject to BGRT which will be determined by the Division of Revenue and Taxation and not be subject to commissions from lottery operations. Based on the information provided by DOF, we consider the recommendation closed.</p>

Department of Lands and Natural Resources

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

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

Date(s) of followup letter(s) sent : 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/18/98, 11/23/99, 7/6/00, 1/24/01

Date(s) of response letter(s) received : 10/30/00, 10/31/00 (meeting with Coordinating Group on DLNR)

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	Closed	On 10/30/00, the DLNR Secretary issued a memorandum (Directive No. 27) requiring the Acting Director of the Division of Animal Health to comply with the Imprest Fund Manual Policies and Procedures to control the Animal Health revolving fund activities. The memorandum completely addressed the recommendation.
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	Closed	On 10/30/00, the DLNR Secretary issued a memorandum (Directive No. 28) requiring the Acting Director of the Division of Animal Health to comply with the Animal Quarantine Rules and Regulations. The memorandum completely addressed the recommendation.
6. The Secretary of DLNR should evaluate the adequacy of the existing reporting requirements to be submitted by permittees 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	Closed	On 10/31/00, the DLNR Secretary issued a memorandum (Directive No. 31) to the Director of the Division of Fish and Wildlife establishing the reporting requirements for hunting permits. The memorandum completely addressed the recommendation.
7. The Secretary of DLNR should issue a directive requiring the Forestry Section to comply with the Forestry Resources Protection Regulations, as follows: (a) to prepare a written recommendation to	DLNR	Closed	On 10/30/00, the DLNR Secretary issued a memorandum (Directive No. 29) requiring the Acting Director of the Division of Animal Health to comply with the Forestry Resources Protection Regulations as

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>approve or deny application for permits, (b) to document inspections with written reports, and (c) to release forestry permits only after the permit has been signed by both the applicant and the Secretary of Lands and Natural Resources.</p>			<p>enumerated in the OPA audit. The memorandum completely addressed the recommendation.</p>
<p>8. The Secretary of DLNR should develop and implement written policies and procedures to properly manage collections.</p>	DLNR	Resolved Active	<p>During the 10/31/00 meeting with the Coordinating Group, the Secretary of DLNR agreed to provide OPA written policies and procedures to properly manage collections.</p> <p>Further Action Needed</p> <p>The Secretary of DLNR should provide OPA a copy of the written policies and procedures.</p>
<p>9. The Secretary of DLNR should develop and implement written policies and procedures to ensure proper maintenance of permit documents.</p>	DLNR	Closed	<p>On 10/30/00, the DLNR Secretary issued a memorandum (Directive No. 32) to all Division Directors establishing policies and procedures to ensure proper maintenance of permit documents. The memorandum completely addressed the recommendation.</p>
<p>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.</p>	DLNR	Closed	<p>On 10/30/00, the DLNR Secretary issued a memorandum (Directive No. 30) to all Administrative Officers of all Divisions requiring them to familiarize themselves with the DOF Chart of Accounts to ensure that expenditures are charged to the proper accounts. The memorandum completely addressed the recommendation.</p>

2. Report No. LT-00-04 issued June 7, 2000**Division of Fish and Wildlife (DFW)****Audit of Two DFW Employees' Time and Attendance and Whether their Arrangement with DFW was Consistent with the Pacific Islands Education Initiative**

Date(s) of followup letter(s) sent : 7/6/00, 1/24/01

Date(s) of response letter(s) received : 10/31/00 (meeting with Coordinating Group on DLNR)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The DFW Director should comply with local rules and regulations for the granting of administrative and educational leave. This would result in fairness and equity for all government employees if government offices follow the same guidelines for granting administrative leave.	DLNR	Resolved Active	<p>The DLNR Secretary and the DFW Director agreed with the recommendation. Although the Director is unable to grant administrative or educational leave to the two employees on limited-term status, he is taking every measure to ensure compliance with local rules and regulations. These include: (1) requiring the DFW employees to apply for annual leave for the purpose of attending classes during working hours; (2) meeting with representatives from OPM and the Office of the Attorney General to address the Division's needs to allow for conversion from Limited Term Appointment to Permanent Status of these employees participating in the Pacific Islands Education Initiative; and (3) routing a Request for Personnel Action for these employees.</p> <p>During the 10/31/00 meeting with the Coordinating Group, the DFW Director agreed to provide the needed information to close Recommendation nos. 1 and 2.</p> <p>Further Action Needed</p> <p>Recommendation 1 - Provide evidence that DLNR has properly addressed this recommendation, e.g., copy of the memorandum instructing the employees to apply for annual leave to attend classes at NMC during working hours, their approved leave forms and Summary Time Sheets, memorandum to the timekeeper reiterating the need to comply with local rules and regulations particularly for the granting of administrative and educational leave.</p>
2. The DLNR Secretary and the DFW Director must comply with the PSSRR sections for granting educational leave, such as requiring that educational leave must be approved by the Personnel	DLNR	Resolved Active	<p>Recommendation 2 - Provide supporting documents, e.g., status of the meeting with representatives from OPM and the Office of the Attorney General, DFW's request from OPM and the employees' Notice of</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Officer based on a recommendation by the DLNR Secretary.		Open Active	Personnel Action.
3. The DFW Director should develop a special educational leave program in accordance with the MOU to be approved by the grantor. Also, the Director must ensure that DFW is in compliance with the provisions of the various grants, in order to assure continued federal support.	DLNR	Open Active	<p>During the 10/31/00 meeting with the Coordinating Group, the DFW Director stated that DFW is waiting for a response from its grantor agency and is in close communication with the federal grantors to establish clear guidelines for the PIEI in accordance with Grant Agreements and the MOU.</p> <p>Further Action Needed</p> <p>Provide documentation, such as correspondence with federal grantors and other Pacific Island recipients, and a copy of the completed PIEI Program.</p>
4. DFW should suspend its current arrangement with the two employees, pending resolution of the issues discussed in this report.	DLNR	Resolved Active	<p>DFW concurs with the recommendation. By requiring the employees to apply for annual leave for the time spent in classes, DFW has suspended its arrangement of allowing them to use office hours or administrative leave for attending classes. This initial step was taken so as not to hinder the employees' successful completion of the school term already in progress.</p> <p>During the 10/31/00 meeting with the Coordinating Group, the DFW Director informed OPA that only one employee is participating in the program and OPA will be provided a copy of the agreement with this employee.</p> <p>Further Action Needed</p> <p>DLNR should provide OPA a copy of the finalized contract with the one employee participating in the program.</p>
5. Since the Pacific Islands Education Initiative was intended to benefit DFW and the CNMI through the development of local professionals, DFW should: (a) develop a well-defined basis for selecting candidates; (b) require candidates to complete a specified number of units to help them acquire a degree within a prescribed period; (c)	DLNR	Open Active	<p>During the 10/31/00 meeting with the Coordinating Group, the DFW Director reiterated that they are in close communication with the federal grantors to redefine the MOU to specify the desires of both the Federal Government and the Local Division.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
comply with the cost-sharing agreement in the MOU; and (d) require the candidate to sign a contract with the local resource agencies which in this case are DLNR and OPM.			<i>Further Action Needed</i> DLNR should provide OPA a copy of the approved guidelines on the PIEI addressing issues such as the basis for selecting candidates and the required units to be completed within a prescribed period. These should be in accordance with Grant Agreements and the MOU.

Department of Public Health

**I. 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), 7/6/00 (RMO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF)
 Date(s) of response letter(s) received : 6/16/97 (RMO), 2/24/98 (RMO), 7/19/00 (RMO), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>Original:</i> The Secretary of Finance should require the current Director of RHC to return the amount of \$4,282.02 taken from RHC funds.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover from the current Director of RHC the \$4,282.02 taken from RHC funds.</p>	DOF - Redirected to AGO	Resolved Active	<p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 for \$4,982.02 sent to the current Director of RHC which consists of \$4,282.02 taken from RHC funds and \$700 reimbursement for the cost of the washing machine. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested for a copy of the report for further review purposes.</p> <p>Further Action Needed</p> <p>The AGO should notify OPA of the results of its review and if legal action to pursue collection of the \$4,282.02 taken from RHC funds will be pursued.</p>
<p>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.</p>	DOF	Resolved Active	<p>During the 11/21/00 meeting with the Coordinating Group, the DOF- Finance and Accounting Director agreed to verify if the \$5,000 claims for repairs and the \$4,000 amount claimed for a non-existent lease extension was paid out of the old DOF financial accounting system.</p> <p>Further Action Needed</p> <p>DOF should inform OPA as to the results of the verification made by the DOF - Finance and Accounting Division Director. If the claims were in fact paid in the old financial accounting system, DOF should take steps to deny the claims and recover the money such as by directing the Resident</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. <i>Original:</i> The Secretary of Finance should deny the claim of the Director of RHC for reimbursement of the cost of the washing machine.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover the \$700 reimbursement for the cost of the washing machine.</p>	DOF - Redirected to AGO	Resolved Active	<p>Department Head of Finance to take required action.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 for \$4,982.02 sent to the current Director of RHC which consists of \$4,282.02 taken from RHC funds and \$700 reimbursement for the cost of the washing machine. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested for a copy of the report for further review purposes.</p> <p>Further Action Needed</p> <p>The AGO should notify OPA of the results of its review and if legal action to pursue collection of the \$700 reimbursement for the cost of the washing machine will be taken.</p>
<p>5. The Mayor of Rota should consider what administrative sanctions should be applied for violation of the ethical standards.</p>	RMO	Closed	<p>In his 2/8/01 response, the Mayor of Rota reiterated that the RHC Director was given the opportunity to resubmit the purchase requisition and "start over" as it were to do the transaction correctly. The date of the invoice statement (8/18/97) which is the same date as the proof of purchase does not match the date the washing machine was transferred to RHC in June of 1996. There is no valid proof to justify the purchase. However, administrative sanction would no longer be possible because the RHC Director is no longer employed at the Health Center. We, therefore, consider this matter closed.</p>

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

Date(s) of followup letter(s) sent : 7/09/97, 2/09/98, 9/10/98, 9/10/98 (DPH), 9/17/98 (DOF), 10/23/98 (DDC), 11/23/99 (DPH)(DOF), 7/6/00 (DPH), 7/13/00 (DOF), 1/17/01 (AGO), 1/30/01 (GOV)
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), 11/14/00 (meeting with Coordinating Group on DPH), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. <i>As Revised and Redirected to DOF:</i> The Secretary of Finance should deduct any unpaid balance of the \$1,088 charges for personal calls and \$1,086 advance from the final payroll check or any other funds due to the former 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.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover the unpaid balance of \$1,200 in charges for personal calls and advances from the former Executive Director.</p>	DOF - Redirected to AGO	Resolved Active	<p>Both the charges for personal calls and the advances have unpaid balances of \$600 each for a total of \$1,200 to be collected from the former Executive Director.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill collection dated 11/17/00 for \$1,964.40 sent to the former Executive Director which consists of \$1,200 in unpaid balance of charges for personal calls and advances and \$764.40 in retroactive salary increase. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will prepare and send out a demand letter for the amount in the audit. If no response is received, a civil action will be filed.</p>
Further Action Needed			
<p>The AGO should notify OPA if legal action to pursue collection of the unpaid balance of \$1,200 in charges for personal calls and advances from the former Executive Director has been taken.</p>			
<p>6. The Secretary of Public Health should ensure that local funds are not used to supplement funds no longer available from the federal government, and admonish the former Secretary of Public Health and OMB officials for violating the CNMI Planning and Budgeting Act.</p> <p><i>As Redirected to the Office of the Governor:</i> The Office of the Governor should ensure that local funds are not</p>	DPH- Redirected to the Office of the Governor	Resolved Active	<p>During the 11/14/00 meeting with the Coordinating Group, it was agreed that this recommendation will be redirected to the Office of the Governor. The DPH Secretary stated that DPH can no longer implement the recommendation because the Developmental Disabilities Council is now under the Office of the Governor.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
used to supplement funds no longer available from the federal government, and admonish the former Secretary of Public Health and OMB officials for violating the CNMI Planning and Budgeting Act.			Further Action Needed Information as to what action(s) the Office of the Governor will be taking toward addressing the OPA audit recommendation is requested to be provided to OPA.
7. <i>Original</i> - The Secretary of Public Health should take action to recover the retroactive salary increase of \$3,600 improperly paid from local funds to the former DDC Executive Director.	DOF - Redirected to AGO	Resolved Active	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill collection dated 11/17/00 for \$1,964.40 sent to the former Executive Director which consists of \$1,200 in unpaid balance of charges for personal calls and advances and the remaining balance of \$764.40 in retroactive salary increase. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will prepare and send out a demand letter for the amount in the audit. If no response is received, a civil action will be filed.
<i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover the remaining balance of \$764.40 in retroactive salary increase owed by the former Executive Director.			Further Action Needed The AGO should notify OPA if legal action to pursue collection of the remaining balance of \$764.40 in retroactive salary increase owed by the former Executive Director has been taken.
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- Redirected to the Office of the Governor	Resolved Active	During the 11/14/00 meeting with the Coordinating Group, it was agreed that this recommendation will be redirected to the Office of the Governor. The DPH Secretary stated that DPH can no longer implement the recommendation because the Developmental Disabilities Council is now under the Office of the Governor.
<i>As Redirected to the Office of the Governor:</i> The Office of the Governor should coordinate the activities of DDC by performing a periodic review of DDC's program operations and administrative services.			Further Action Needed Information as to what action(s) the Office of the Governor will be taking toward addressing the OPA audit recommendation is requested to be provided to OPA.
14. The Secretary of Public Health should enforce compensation of the DDC Executive Director as a division director	DPH- Redirected to the	Resolved Active	During the 11/14/00 meeting with the Coordinating Group, it was agreed that this recommendation will be redirected to the

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>and not as a department or agency head. <i>As Redirected to the Office of the Governor:</i> The Office of the Governor should enforce compensation of the DDC Executive Director as a division director and not as a department or agency head.</p>	<p>Office of the Governor</p>		<p>Office of the Governor. The DPH Secretary stated that DPH can no longer implement the recommendation because the Developmental Disabilities Council is now under the Office of the Governor.</p> <p>Further Action Needed</p> <p>Information as to what action(s) the Office of the Governor will be taking toward addressing the OPA audit recommendation is requested to be provided to OPA.</p>

**3. Report No. LT-98-06 issued July 7, 1998
Medical Referral Office's Reconciliation of
Medical Claims with a Hawaii-based Hospital**

Date(s) of followup letter(s) sent : 9/17/98 (DOF), 9/21/98 (DPH), 11/23/99 (DPH) (DOF), 7/6/00 (DPH), 7/13/00 (DOF), 1/30/01

Date(s) of response letter(s) received : 12/27/99 (DPH) (DOF), 11/14/00 (meeting with Coordinating Group on DPH), 11/21/00 (meeting with Coordinating Group on DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Secretary of Public Health instruct the Medical Referral Officer to document the negotiations with the Hawaii-based hospital through a Memorandum of Understanding.</p>	<p>DPH</p>	<p>Closed</p>	<p>During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary provided OPA a copy of the Memorandum of Understanding between DPH and the Hawaii-based hospital which completely addressed the recommendation.</p>
<p>2. The Secretary of Health instruct the Medical Referral Officer to reflect the \$19,892 adjustments in its reconciliation schedules, and update the Hawaii-based hospital on the current status of the reconciliation by providing it copies of the adjusted reconciliation schedules.</p>	<p>DPH</p>	<p>Closed</p>	<p>The Memorandum of Understanding provided to OPA during the 11/14/00 meeting with the Coordinating Group sufficiently reflected the \$19,892 adjustments in its reconciliation schedules which was agreed by the Hawaii-based hospital and therefore completely addressed the recommendation.</p>
<p>3. The Secretary of Health instruct the Medical Referral Officer to request the Hawaii-based hospital to submit the necessary supporting documents to complete review of the \$414,027 in unprocessed claims.</p>	<p>DPH</p>	<p>Closed</p>	<p>The Memorandum of Understanding provided to OPA during the 11/14/00 meeting with the Coordinating Group included the \$414,027 in unprocessed claims which completely addressed the recommendation.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. The Secretary of Health instruct the Medical Referral Officer to inform the Hawaii-based hospital 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, the Hawaii-based hospital should be instructed to offset the net overpayments of \$9,331 against outstanding claims, and adjust the mathematical errors of \$192.</p> <p><i>As Revised:</i> The Hawaii-based hospital should be instructed to offset the net overpayments of \$9,331 against outstanding claims, and adjust the mathematical errors of \$192.</p>	DPH	Resolved Active	<p>During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary provided OPA a copy of the Memorandum of Understanding between DPH and the Hawaii-based hospital which summarized the results of reconciliation performed by the Medical Referral Office and the adjustments found by OPA. The summary included \$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. It did not, however, include the offset of net overpayments of \$9,331 against outstanding claims, and adjustment of the mathematical errors of \$192.</p> <p>Further Action Needed</p> <p>The Secretary of Health should submit documents showing adjustments made by the Hawaii-based hospital to offset the net overpayments of \$9,331 against outstanding claims and mathematical errors of \$192 as stated in our revised recommendation.</p>
<p>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 reconciliation procedures on a quarterly basis.</p>	DPH	Closed	<p>The Memorandum of Understanding provided to OPA during the 11/14/00 meeting with the Coordinating Group included a provision to settle long outstanding claims made by the Hawaii-based hospital which sufficiently addressed the recommendation.</p>
<p>6. The Secretary of Finance instruct the responsible DOF employees to facilitate payment of the \$114,772 in processed claims submitted by MRO.</p>	DOF	Closed	<p>The Memorandum of Understanding provided to OPA during the 11/14/00 meeting with the Coordinating Group already considered the \$114,772 in processed claims in the final amount due DPH of \$394,444 which sufficiently addressed the recommendation.</p>

**4. 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), 2/28/00 (OPM), 7/6/00 (DPH) (OPM),
1/30/01
Date(s) of response letter(s) received : 12/20/99 (OPM), 12/22/99 (DPH), 11/14/00 (meeting with Coordinating Group
on 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 correct the salaries of the three social worker employees whose salaries exceed the rates provided by the regulations.	OPM	Closed	During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary presented an alternative action to address this recommendation which is to revise the salary structure of DPH to address the salary inequity and DPH's concerns of attracting upcoming college graduates to work for the department. DPH will present a proposed salary structure for review by OPM and for approval by the CSC. OPA agreed to this alternative action suggested by the DPH Secretary. <i>Further Action Needed</i> In view of the alternative action presented by DPH, we are closing the part of the recommendation pertaining to OPM and will follow-up on action to be taken by DPH in revising their salary structure as agreed on during the meeting.
3. The Secretary of Public Health should 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. <i>As Revised:</i> The Secretary of Public Health should review the salary structure of DPH and propose a revised salary structure for review by OPM and for approval by the Civil Service Commission (CSC).	DPH	Resolved Active	During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary presented an alternative action to address this recommendation which is to revise the salary structure of DPH to address the salary inequity and DPH's concerns of attracting upcoming college graduates to work for the department. DPH will present a proposed salary structure for review by OPM and for approval by the CSC. OPA agreed to this alternative action suggested by the DPH Secretary. <i>Further Action Needed</i> The Secretary of Public Health should provide OPA a copy of the revised salary structure of DPH after its approval by CSC.

Department of Public Safety

I. Report No. AR-94-05 issued November 19, 1994

Bureau of Motor Vehicles

Driver's Licensing and Vehicle Registration Activities

Date(s) of followup letter(s) sent : 12/30/94, 2/23/95, 7/7/95, 10/6/95, 5/3/96, 12/3/96, 2/02/98, 9/18/98, 11/23/99, 7/6/00, 1/22/01
 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, 8/22/00, 9/26/00 (meeting with Coordinating Group on DPS), 2/7/01

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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	Closed	On 2/7/01, the DPS Commissioner provided OPA a copy of a memorandum from the BMV Commander which is a list of procedures for the Driver's License Section and the Registration Section which include filing procedures which sufficiently addressed Recommendation no. 7.
12. The Commissioner of DPS should require the CJIS programmer to modify the database program for driver's licenses to allow the accumulation of historical data.	DPS	Resolved Active	During the 9/26/00 meeting with the Coordinating Group, the DPS Commissioner stated that DPS, including BMV is in the process of implementing an automated system which is part of the Criminal Justice Information System (CJIS). The system is scheduled to be set up in 2001.
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 Active	<p>Further Action Needed</p> <p>For Recommendation nos. 12, 13, and 17 - The DPS Commissioner should provide OPA a status report on the implementation of the recommendations until the system is fully operational in 2001, the target implementation date provided by the DPS Commissioner.</p>
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 Active	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
16. The Commissioner of DPS and Director of BMV should develop and implement a plan to fully utilize the computer system for vehicle registration. The plan should include (a) recording of vehicle registrations at the BMV instead of bringing the registration files to the CJIS, (b) reconciling the 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	Closed	In his 2/7/01 response, the DPS Commissioner provided OPA a copy of a memorandum on the review and processing procedures for the Vehicle Registration Section. According to the memorandum, anything pertaining to vehicle registration is in the LEMIS system since its implementation in 1996. As such, BMV no longer logs vehicle registration in a logbook. BMV updates information in the computer based on supporting documents. The LEMIS system, therefore, is sufficient to address Recommendation no. 16.
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) preparation of a daily transaction report by the CJIS that should be compared to the vehicle registration documents at the BMV.	DPS	Closed	In addition, the written procedures provide that the Supervisor review registration documents. The procedures also provide a clerical staff assigned to do a daily count and filing of documents for drivers' license and vehicle registration. The written procedures sufficiently addressed Recommendation no. 18.

**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, 7/13/00 (DOF), 1/19/01
 Date(s) of response letter(s) received : 11/21/00 (meeting with Coordinating Group on DOF)

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	DOF	Resolved Active	The Secretary of Finance has proposed extensive revisions to the CNMI Procurement Regulations which was published in the Commonwealth Register of February 23,2001 for review and comments of interested parties until March 23, 2001. DOF is now in the process of reviewing comments received on the proposed

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>procurement to only when both local and off-island suppliers have been considered and surveyed by the requisitioning agency.</p>			<p>revisions to finally adopt the revised CNMI Procurement Regulations.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations upon its adoption.</p>

Department of Public Works

**I. Report No. AR-95-2I 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, 7/13/00 (DOF)
 Date(s) of response letter(s) received : 2/29/96, 3/4/96, 7/26/96, 12/20/96, 11/21/00 (Meeting with Coordinating Group on DOF)

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	Closed	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided assurance that current practices on procurement and documentation of bid and proposal evaluations are adequate at the Division of Procurement and Supply. The DOF Secretary asked that these two recommendations be closed in lieu of other actions taken by DOF such as issuance of several memoranda reiterating the need to comply with the Procurement Regulations. DOF is also in the process of amending the Procurement Regulations to provide clearer guidelines on all aspects of procurement.
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	Closed	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided assurance that current practices on procurement and documentation of bid and proposal evaluations are adequate at the Division of Procurement and Supply. The DOF Secretary asked that these two recommendations be closed in lieu of other actions taken by DOF such as issuance of several memoranda reiterating the need to comply with the Procurement Regulations. DOF is also in the process of amending the Procurement Regulations to provide clearer guidelines on all aspects of procurement.

**2. Report No. AR-00-0I issued April 13, 2000
Audit of the Land Survey Contract for the
Tinian Road Resurfacing Project
Fiscal Year 1997**

Date(s) of followup letter(s) sent : 7/3/00 (DPW), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO)
 Date(s) of response letter(s) received : 5/10/00 (DPW), 11/7/00 (meeting with Coordinating Group on AGO), 12/7/00 (meeting with Coordinating Group on DOF), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. Consider filing legal action against government officials who approved the award of the contract, particularly the former Director of P&S and the then acting DPW Secretary who certified that the contract did not waste or abuse	AGO	Closed	AGO declined to take any action on this recommendation.

public funds.

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|----|--|-------------------------------|--------------------|---|
| 4. | DOF should take adverse action against the contractor for misrepresenting to the government that it had performed all the work required under its contract and for receiving payment for work which it failed to do, including the debarment of the contractor from participating in future government solicitations. | DOF -
Redirected
to AGO | Resolved
Active | The DOF Secretary issued a memorandum dated March 12, 2000 requesting the Attorney General's Office to render an opinion on whether a notice of debarment can be issued in this case. The DOF Secretary stated that her office will act accordingly upon receipt of the AGO's response. |
| | <i>As Redirected to AGO:</i> AGO should take adverse action against the contractor for misrepresenting to the government that it had performed all the work required under its contract and for receiving payment for work which it failed to do, including the debarment of the contractor from participating in future government solicitations. | | | During the 12/7/00 meeting with the Coordinating Group, it was agreed that this recommendation should be redirected to the AGO. The AGO did not address this recommendation in its 3/9/01 response. |
| | | | | Further Action Needed |
| | | | | AGO should provide OPA a copy of its opinion on the matter. If the AGO determines that the contractor should be debarred, the AGO should provide OPA a copy of the notice of the contractor's debarment. |
| 5. | <i>Original:</i> DOF should continue to take necessary steps to recover the \$164,534 improper payments made to the contractor, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole contract price of \$229,438 on the basis that the contract was invalid may be undertaken in lieu of the approach taken above where recovery would be based on the overpayments made to the contractor. | DOF -
Redirected
to AGO | Resolved
Active | The DOF Secretary requested AGO's assistance in getting information on the Federal Court case involving the contract. The DOF Secretary stated that her office will proceed with the recommendation after the Federal Court's decision. |
| | <i>As Redirected to AGO:</i> AGO should continue to take necessary steps to recover the \$164,534 improper payments made to the contractor, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole | | | During the 12/7/00 meeting with the Coordinating Group, it was agreed that this recommendation should be redirected to the AGO. In its 3/9/01 response, the Acting Attorney General stated that no further action will be taken on this matter. Contact has been made with the United States Probation Department requesting that restitution from the contractor be ordered at sentencing. |
| | | | | Further Action Needed |
| | | | | AGO should inform OPA on the sentencing decision as a basis for determining the appropriate status of the recommendation. |

contract price of \$229,438 on the basis that the contract was invalid may be undertaken in lieu of the approach taken above where recovery would be based on the overpayments made to the contractor.

The logo consists of a blue rectangular box with a white border. Inside the box, the word "Municipalities" is written in a large, bold, white sans-serif font. Below this, a thin white horizontal line spans the width of the box. Underneath the line, the words "Offices of the Mayors" are written in a smaller, white sans-serif font.

Municipalities

Offices of the Mayors

Municipality of Saipan

I. Report No. LT-99-02 issued January 27, 1999
Office of the Mayor
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, 7/6/00, 1/22/01
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. 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 Delinquent	<p>The Mayor disagreed with the 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.</p> <p>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.</p> <p>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</p>

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

granting compensatory time to overtime-exempt employees. However, accrual of 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 FLSA-exempt employees at the regular rate and not at the time-and-one-half rate.

Municipality of Rota

I. 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), 7/13/00 (DOF), 1/30/01 (OPM)
 Date(s) of response letter(s) received : 6/11/97 (DOF), 6/16/97 (RMO), 9/19/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 2/13/01 (OPM)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
10. The Secretary of Finance should instruct the Payroll Section to adjust the leave balances of the employees noted in the report. <i>As Redirected to OPM:</i> The Director of Personnel should instruct the Payroll Section to adjust the leave balances of the employees noted in the report.	DOF - Redirected to OPM	Closed	In her 2/13/01 response, the Director of Personnel informed OPA that she supports OPA's efforts to adjust the leave balances. However, she stated that doing so will no longer be cost effective at this point in time and she recommends that the recommendation be closed for reasons of practicality.

2. Report No. LT-98-II issued August 16, 1998

**Office of the Mayor
Audit of Compliance with Authorized Number of
Full Time Employee Positions in the Rota Mayor's Office**

Date(s) of followup letter(s) sent : 11/23/99 (LEGBUREAU), 1/26/99 1/5/2000 (AGO), 7/6/00 (Legislature), 1/23/01 (Legislature)
 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 "Full Time Employment vacancies" and "transfers."	Legislature	Open Delinquent	For consideration by the Legislature.

3. Report No. LT-00-09 issued December 13, 2000
Office of the Mayor
Audit of Alleged Coercive Actions Taken Against
Employees and the Misuse of Government Funds
Both During the Term of the Former Mayor of Rota

Date(s) of followup letter(s) sent : 1/17/01

Date(s) of response letter(s) received : 3/9/01

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Attorney General should continue to review the alleged coercive actions taken against employees and the misuse of funds during the term of the former Mayor of Rota.	AGO	Resolved Active	<p>The Attorney General stated that his office would fully explore and anticipates charging the individuals involved with this crime with multiple counts of Theft, Bribery, Political Coercion, Conspiracy, Solicitation and Misconduct in Public Office.</p> <p>In his 3/9/01 response, the Acting Attorney General stated that this matter is still under review. However, a charging decision will be made shortly.</p> <p><i>Further Action Needed</i></p> <p>The AGO should provide OPA the results of its review and its actions to address the recommendation.</p>

Municipality of Tinian

I. 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, 7/13/00 (DOF), 1/19/01
 Date(s) of response letter(s) received : 11/21/00 (meeting with Coordinating Group on DOF)

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	Resolved Active	<p>The provisions of Government Vehicle Regulation No. 1101 Section 11 (e) as adopted by the Department of Finance in the Commonwealth Register on April 15, 1993 state that the Secretary of Finance shall have the authority to revoke the employee's CNMI government vehicle permit, immediately confiscate the vehicle in question, bring disciplinary action against the offending official or employee, or refer the matter to the Attorney General or Department of Public Safety for further investigation.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary believes that DOF has no jurisdiction to confiscate vehicles not belonging to DOF. DOF has also no jurisdiction to bring disciplinary action to non-DOF employees. However, based on the vehicle regulation, DOF may take the option of referring the matter to the AGO or DPS for further investigation.</p> <p>Further Action Needed</p> <p>The Secretary of Finance should inform OPA if amendments to the vehicle regulation will be made to clarify the responsibility of DOF as to confiscating vehicles and bringing disciplinary actions against offending officials or employees.</p>
3. The Secretary of Finance should recover from responsible officials of the Tinian Mayor's Office the \$1,000 paid to the local car dealer.	DOF	Closed	<p>During the 11/21/00 meeting with the Coordinating Group, it was concurred by all parties to close the recommendation since the responsible official from whom to recover the \$1,000 already passed away.</p>

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, 7/13/00, 1/19/01
 Date(s) of response letter(s) received : 6/11/97, 9/27/00, 9/22/99, 11/21/00 (meeting with Coordinating Group on DOF)

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	Closed	During the 11/21/00 meeting with the Coordinating Group, it was agreed to close the recommendation because Tinian and Rota are already online on the JD Edwards Financial Management System so there is no need to reconcile balances.
7. The Secretary of Finance should direct the head of the Tinian Procurement Office to maintain an updated record of capital assets. On a regular basis, the Tinian Procurement Office should conduct an inventory to establish the physical existence, condition and location of fixed assets. It should also compare its record of assets with the inventory and take appropriate action with respect to any differences. Any missing item should be properly accounted for by the concerned agency.	DOF	Resolved Active	During the 11/21/00 meeting with the Coordinating Group, the P&S Director agreed to issue a memorandum to the Tinian Procurement Office and even to the Rota Procurement Office directing them to conduct their own inventory annually.
			<p>Further Action Needed</p> <p>The P&S Director should provide OPA a copy of the memorandum directing the Tinian Procurement Office to establish a schedule for conducting inventories of government capital assets on Tinian and a copy of the inventory results and actions taken.</p>

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CNMI-Wide Audits

Single Audits
Compliance with Laws and Regulations

CNMI-Wide Audits

I. CNMI Single Audit Independent Auditors' Report on Internal Control Structure and on Compliance Year Ended September 30, 1999

Date(s) of followup letter(s) sent : 1/19/01 (DOF), 1/23/01 (Medicaid), 1/24/01 (DLNR), 1/30/01 (DPH)
 Date(s) of response letter(s) received : 11/14/00 (meeting with Coordinating Group on DPH), 12/7/00 (meeting with Coordinating Group on DOF), 12/12/00 (DPW), 1/8/01 (meeting with Coordinating Group on DPW), 2/8/01 (Medicaid), 2/22/01 (DPL)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>External Financial Reporting</i>			
1. The CNMI should conform with GASB Statement No. 14 by obtaining audited financial statements of CGECU, NMC, and PSS for inclusion within the general purpose financial statements.	DOF	Closed	During the 12/7/00 meeting with the Coordinating Group, it was concurred that this recommendation will be closed. The Office of the Public Auditor is continuously working with the autonomous agencies noted to bring their annual audits current.
2. OMB should develop a budget strategy in order to finance the deficit within the Human Resources Development Trust Fund (HRDTF).	DOF	Resolved Active (Outstanding since FY 1996 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, the DOF Secretary agreed to provide OPA a copy of the most recent report on the HRDTF. Further Action Needed Provide OPA copy of the most recent report on the HRDTF as agreed on during the meeting.
<i>Cash and Cash Equivalents</i>			
3. DOF should reconcile all bank accounts to the general ledger on a monthly basis and that resulting adjustments be recorded in a timely manner.	DOF	Closed	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a copy of its memorandum to the Acting Director of Finance and Accounting establishing DOF's Bank Reconciliation policies. The memorandum completely addressed the recommendation.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Receivables			
4. DOF should review all outstanding receivables from federal agencies for propriety and collectibility.	DOF - Finance and Accounting Division	Resolved Active (Outstanding since FY 1997 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, the DOF Secretary agreed to provide OPA a copy of the grant receivable balances as reviewed. Further Action Needed Provide OPA copy of the grant receivable balances as agreed on during the meeting.
5. CHC should implement procedures to ensure that all billings are processed on a timely basis, and that standard procedures are implemented to follow-up on aged accounts. Accounts determined to be uncollectible should be written off.	DPH - CHC	Resolved Active (Outstanding since FY 1995 Single Audit)	During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary stated that DPH is developing a 5 year plan for the development of a comprehensive hospital information and billing system. DPH agreed to provide OPA status reports on the projects to keep the recommendation active until the plan is finalized and fully implemented. Further Action Needed Provide OPA status reports on actions taken until full implementation of a modern billing and collection system that will address the recommendation as agreed on during the meeting.
6. 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 Active (Outstanding since FY 1997 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, the DOF Secretary stated that she will refer this matter to the AGO for legal action. Further Action Needed Provide OPA copy of referral letter sent to AGO as a basis for redirecting the recommendation.
7. The Division of Public Lands should review receivable balances and forward overdue accounts to the Attorney General's office for collection.	DPL (currently Office of Public Lands)	Resolved Active (Outstanding since FY 1998 Single Audit)	In the 2/22/01 response of the Administrator of the Office of Public Lands (formerly DPL), OPA was informed that the Accounts Receivable Section is already updating and compiling the status of each uncollectible accounts and will be able to provide OPA the results of the

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			reconciliations within 30 days from 2/22/01.
			Further Action Needed
			Provide OPA copy of the status of each lease as a basis for monitoring the progress of the accounts receivable ledger reconciliation to ensure that it will eventually address our recommendation.
Inventory			
8. CHC should establish policies and procedures to ensure timely reconciliation of the physical inventory count to the general ledger inventory balances.	DPH - CHC	Open Active (Outstanding since FY 1994 Single Audit)	During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary agreed to provide DOF a copy of the physical inventory as of 9/30/00 so the general ledger can be updated before the single audit for FY2000 is conducted. If DPH ensures timely reconciliation of the physical inventory into the general ledger inventory balance before the start of the annual single audit, this recommendation will no longer recur in future single audits.
Advances			
9. 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 Active (Outstanding since FY 1987 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, the DOF-Finance and Accounting Division Director agreed to provide OPA samples of payment vouchers for offsetting as evidence of review of all outstanding advances.
			Further Action Needed
			Provide OPA samples of documents agreed on during the meeting.
Property and Equipment			
10. 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 Active (Outstanding since FY 1987 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, the DOF- Finance and Accounting Division Director stated that implementation of the fixed assets module in the new FMS began during FY 98. However, existing assets must be inventoried and manually entered into the system. Capitalization policies will be developed to fully implement the Fixed

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			Asset Module. The anticipated date of completion for the work will be by FY 2001.
			Further Action Needed
			Provide OPA status reports on actions taken until full implementation of the Fixed Asset Module in the new FMS that will address the recommendation.
Other Liabilities and Accruals			
11. DOF should establish policies and procedures to ensure adequate recording of liabilities for goods received by the Division of Procurement and Supply.	DOF - P&S	Open Active	Provide copy of reconciliation procedures developed to reconcile received not vouchered balances on a monthly basis, as stated in auditee response.
Deposits Payable			
12. DOF should reconcile deposits payable to a subsidiary ledger on a monthly basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1992 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.
Fund Balance			
13. DOF should ensure that all encumbrances are recorded and reconciled on a monthly basis.	DOF - Finance and Accounting Division	Resolved Active (Outstanding since FY 1988 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, DOF stated that it is correcting the effects of multiple FY97 conversion problems relating to encumbrances during FY 2000.
			Further Action Needed
			Provide OPA status reports on the work done to correct the effects of multiple FY97 conversion problems relating to encumbrances until completed.
14. DOF should monitor and document all ongoing construction projects and a report should be prepared for the Secretary of Finance on a quarterly basis.	DOF	Resolved Active (Outstanding since FY 1997 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, DOF agreed to provide OPA a copy of the local CIP quarterly report.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>CNMI Local Noncompliance</i>			
15. 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)	<p><i>Further Action Needed</i></p> <p>Provide OPA copy of completed local CIP quarterly report as agreed on during the meeting.</p>
<i>Allowable Costs/Cost Principles</i>			
16. The CNMI should follow all Common Rule and CNMI Procurement Regulations. [US Department of the Interior/CFDA #15.875].	DOF - P&S	Closed	<p><i>Further Action Needed</i></p> <p>Provide OPA copy of updated agreement with the local bank.</p> <p>No action required. This relates to Public Law 9-28 which appropriated \$500,000 to complete the Tinian Courthouse. When the AGO said the project needed to be bid out, the CNMI Legislature declared through Senate Resolution 10-37 that the intent of Public Law 9-28 was to have the original contractor complete the work. The intent of the Legislature was then carried out under contract 67457-OS (approved by the AGO).</p>
<i>Davis-Bacon Act</i>			
17. 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 Active (Outstanding since FY 1997 Single Audit)	<p>In his 12/12/00 response, the DPW Secretary provided us a copy of his 11/13/00 letter to the US Department of Interior (DOI) discussing DPW's proposed plan of action which includes (1) requesting for a new and current wage rate determination to the US Department of Labor through DOI; (2) developing policies and procedures for monitoring of DPW contractors to ensure compliance; and (3) developing a Memorandum of Agreement between the CNMI and Federal Government for statutory enforcement of both federal and local laws. The DPW Secretary stated that an estimated period</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Allowable Costs/Cost principles - All Programs</i>			
18. 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 1990 Single Audit)	<p>of performance of at least six months to end by May 2001 for DPW to draft policies and procedures for implementing the Davis-Bacon Act will be realistic and practical.</p> <p>The DOI Fiscal Program Specialist in his 11/13/00 letter to the DOF Secretary acknowledged that the action plan taken by the CNMI is sufficient to resolve the findings regarding compliance with the Davis-Bacon Act.</p> <p>Further Action Needed</p> <p>Provide OPA final copy of procedures adopted for monitoring contractors to ensure compliance with the Davis-Bacon Act.</p>
			<p>According to the DPW-TSD Division Director, DPW utilizes procedures in accordance with 23 CFR 635.122 to ensure contractors are paid only for materials used on a project eliminating the need to maintain a stockpile of materials.</p> <p>Further Action Needed</p> <p>Provide OPA copy of written policies and procedures adopted in accordance with 23 CFR 635.122 to ensure that contractors are paid only for materials actually used on a project.</p>
<i>Davis-Bacon Act</i>			
19. TSD should implement formal documentation procedures to memorialize the monitoring procedures performed, including the results of those procedures and any corrective actions taken, to ensure compliance with the Davis-Bacon Act. [Davis-Bacon Act/DOI and Covenant Capital Projects/CFDA #15.875].	DPW - TSD	Resolved Active (Outstanding since FY 1990 Single Audit)	<p>Further Action Needed</p> <p>Provide OPA final copy of procedures adopted for monitoring contractors to ensure compliance with the Davis-Bacon Act.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Eligibility</i>			
20. The CNMI should adhere to established policies and procedures concerning verification of income and resource levels. [Eligibility - Nutrition Assistance Program/ CFDA# 10.551]	NAP	Closed	According to NAP, they already implemented corrective action to address this recommendation by requiring the Management Evaluation (ME) Unit to provide a written notice to the Certification Unit Supervisor and staff requiring them to respond to findings by a certain deadline. In addition, the ME Unit follows up with additional written warnings until full responses are received.
<i>Equipment and Real Property Management</i>			
21. The CNMI should perform an inventory of its fixed assets and ensure that it is in compliance with applicable federal property rules and regulations. [All Programs]	DOF - P&S	Resolved Active (Outstanding since FY 1987 Single Audit)	During the 12/7/00 meeting with the Coordinating Group, the DOF- Finance and Accounting Division Director stated that implementation of the fixed assets module in the new FMS began during FY 98. However, existing assets must be inventoried and manually entered into the system. Capitalization policies will be developed to fully implement the Fixed Asset Module. The anticipated date of completion for the work will be by FY 2001.
<i>Further Action Needed</i>			
Provide OPA status reports on actions taken until full implementation of the Fixed Asset Module in the new FMS that will address the recommendation.			
<i>Special Tests and Provisions</i>			
22. Medicaid should perform monthly reconciliation of medicare premium payments with HCFA. Medicaid should also coordinate with HCFA recovery of the medicare premium payments, totaling \$95,138, which were not reflected in the HCFA statement [Special Tests and Provisions/CFDA #93.778]	Medicaid	Closed	On 2/8/01, the Medicaid Administrator provided OPA a copy of their procedures for reconciliation of Medicaid reports and the Financial Management System and procedures for reconciliation of medicare premium payments with Health Care Financing Administration (HCFA) which sufficiently addressed the recommendation.

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), 7/11/00 (OMB), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 1/23/01 (OMB)

Date(s) of response letter(s) received : 2/6/98 (OMB), 1/20/2000 (AGO), 11/9/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 3/9/01 (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 Active	The Secretary of Finance has proposed extensive revisions to the CNMI Procurement Regulations which was published in the Commonwealth Register of February 23,2001 for review and comments of interested parties until March 23, 2001. DOF is now in the process of reviewing comments received on the proposed revisions to finally adopt the revised CNMI Procurement Regulations.
			<i>Further Action Needed</i>
			The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations upon its adoption.
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 - Treasury) for Contract C40113 C50108	Resolved Active	On January 14, 2000, the AGO and the Director of Procurement and Supply met with the contractor which resulted in the contractor agreeing to repay the Commonwealth \$96,100. The contractor signed a promissory note with the AG's office for monthly payments of \$300 to the CNMI Treasury beginning 2/15/00.
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.			In his 3/9/01 response, the Acting Attorney General stated that the government has received \$3,300 in compensation from the contractor. We verified the information with the DOF - Treasury Division. As of February 2001, total payments made on the promissory note amounted to only \$1,500 leaving a balance of \$94,600 still to be collected.

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

For Contract Nos. C40113 and C50108 - The DOF-Treasury should continuously provide OPA documents proof (*i.e.*, official receipts) of collection from the contractor who pay directly to the CNMI Treasury until full amount has been paid.

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 \$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

For Contract No. C40276 - 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.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>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:</p>	DOF	Resolved Active	<p>The Secretary of Finance has proposed extensive revisions to the CNMI Procurement Regulations which was published in the Commonwealth Register of February 23, 2001 for review and comments of interested parties until March 23, 2001. DOF is now in the process of reviewing comments received on the proposed revisions to finally adopt the revised CNMI Procurement Regulations.</p>
<p>4. Enforcing the rule that all professional services contracts be awarded through competitive proposals.</p>			<i>Further Action Needed</i>
<p>5. 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.</p>			<p>Recommendations 4 to 7 -The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations upon its adoption.</p>
<p>6. Ensuring that alternative sources be considered in sole source procurement.</p>			
<p>7. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating cost, scope of work and deliverables, and contract renewals such as those provided under FAR.</p>	DOF	Resolved Active	
<p>8. The Secretary of Finance should issue a memorandum instructing the DOF - Accounting Section to recover or offset from future payments the \$15,079 overpayments to contractors.</p>	DOF	Resolved Active	<p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary directed the DOF-Finance and Accounting Division Director to check the status of contract nos. C50083 and C50208 as a basis for determining actions to be taken against the contractor to recover the \$15,079 in overpayment.</p>
			<i>Further Action Needed</i>
			<p>The Secretary of Finance should provide OPA with the results of the verification done by the DOF-Finance and Accounting Division Director and its disposition as to steps to be taken to either offset or recover the \$15,079 in overpayment to contractors.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
9. Adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors. Inadequately supported payment requests should be rejected.	DOF	Closed	On 11/9/00, the DOF Secretary issued a memorandum to the Acting Director of Finance and Accounting establishing the procedures for processing payments against contracts and purchase orders. The procedures set forth in the memorandum sufficiently addressed Recommendations 9 to 13.
10. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that has the same scope of work and whose periods overlap.	DOF	Closed	
Issue a memorandum to the P&S Director:			
11. Requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight.	DOF	Closed	
12. Instructing to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior to the date of completion of contract processing.	DOF	Closed	
13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.	DOF	Closed	

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), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF)
 Date(s) of response letter(s) received : 1/12/00 (GOV), 1/20/2000 (AGO), 2/18/00 (DOF), 11/7/00 (meeting with Coordinating Group on AGO), 11/9/00 (DOF), 11/19/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 1/4/01 (DOF), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. <i>As Redirected to AGO</i> - 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	Closed	During the 11/7/00 meeting with the Coordinating Group, the Attorney General stated that the AGO will have a conflict of interest in representing the former Governor and the former Secretary of Finance because the AGO represented these individuals when the contracts were executed. Thus, AGO will not pursue any action on the recommendation.
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	Closed	On 11/9/00, the DOF Secretary issued a memorandum to the Acting Director of Finance and Accounting establishing the procedures for processing payments against contracts and purchase orders. The procedures set forth in the memorandum sufficiently addressed the recommendation.
6. <i>As Redirected to AGO</i> - Take steps to recover payments (including interest) made to contractors which we identified as having been paid without performing their work.	AGO for Contracts C70180, C70301, C70149, 305559 and C70220	Resolved Active	The Governor concurred with the recommendation and provided OPA a copy 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 for Contract No.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>C70220 to recover the money paid to the contractor. 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.</p> <p>Based on the 11/7/00 meeting with AGO and the 3/9/01 status of referrals from AGO, the status of the contracts follow:</p> <p><i>C70220</i> - A demand letter has been sent to the vendor in June 2000 to comply with the dispute process of the CNMI Procurement Regulations Section 5-201. There was no response received on the dispute resolution. AGO will file a court case on the matter. Potential recovery amounted to \$45,000 representing payment made to contractor who failed to perform its work.</p> <p><i>C70180 and C70301</i> - The AGO wrote to the contractor requesting documentation of work done under the contract. The AGO is researching jurisdictional issues to determine whether or not an action can be filed locally or whether it should be filed in Arizona. Potential recovery amounted to \$208,400 representing payment made to contractor who failed to perform its work.</p> <p><i>C70149</i> - AGO will have to file in the contractor's jurisdiction. It was agreed on to close this matter.</p> <p><i>305559</i> - AGO considers this matter closed as it does not seem to warrant further action.</p> <p>Further Actions Needed</p> <p>AGO does not intend to take any action on Contract nos. C70149 and 305559. However, the AGO should provide OPA copy of documents showing legal actions taken to recover \$45,000 (C70220), \$30,000 (C70180), and \$178,400 (C70301) for a total \$253,400 in potential recovery.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>7. Issue a memorandum instructing the DOF - Accounting Section to recover the nearly \$1.49 million in overpayments by requesting contractors to return the amounts overpaid. Of these amounts, \$87,096.02 is immediately recoverable and \$1,400,955.91 is recoverable unless adequately supported by the contractors. If a contractor refuses to cooperate or repay the funds, the matter should be referred to the Attorney General's Office for legal action.</p> <p>(Note: No further action required for contract nos. C50305, C60114, C60142, C70180, C70149, C60334).</p>	<p>DOF for Contracts C60196 C70156 C50388 and C60355</p>	<p>Resolved Active</p>	<p>Responses to the bills of collection sent pertaining to the professional services contracts to recover the overpayments follow:</p> <p>Contract Nos. C50305 & C60114 - The contractor responded that the overpayment had been applied to subsequent billings. We were able to verify that the total overpayment of \$56,158.49 to the contractor was subsequently applied to the October 1, 1997 statement for \$9,102.17 and to the December 1, 1997 statement for \$47,056.32.</p> <p>Contract No. C70180 and Contract No. C70149 - DOF was advised by the Assistant Attorney General that AGO will handle the matter. (This is appropriately included in Recommendation No. 6).</p> <p>Contract No. C60334 - The contractor provided OPA documents to prove that there was no overpayment of \$6,000 in professional fees which OPA was able to verify to be accurate.</p> <p>Contract No. C60142 - DOF provided OPA documents showing that the contractor has fully paid the \$5,635.58 in overpayment stated in the report.</p> <p>On 1/4/01, bills of collection for the following contracts were provided to us: Contract No. C60196 for \$1,320.94; Contract No. C70156 for \$2,426.45; Contract No. C50388 for \$1,619.66 (additional billing for \$2,000 to be provided).</p> <p>DOF needs to provide bills of collection sent on Contract No. C60355 for \$935.</p> <p>Further Actions Needed</p> <p>We consider the part of the recommendation pertaining to recovery of the overpayment on Contract Nos. C50305 and C60114 for \$56,158.49, on Contract No. C60334 for \$6,000, and on Contract No. C60142 for \$5,635.58 closed.</p> <p>We are redirecting the collection of overpayment for Contract No. C70180 of \$10,000 and for Contract No. C70149 of \$1,000 to the AGO. No further action is</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>9. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.</p>	DOF	Resolved Active	<p>required from DOF.</p> <p>Of the \$87,096.02 in overpayments which is immediately recoverable, \$61,794.07 has already been recovered, \$6,000 need not be collected and \$11,000 has been redirected to the AGO leaving a balance of \$8,301.95 (Contract Nos. C60196, C70156, C50388, and C60355). Of the \$8,301.95, billings statements were sent to collect \$5,366.94 (for C60196, C70156 and C50388) leaving a balance of \$2,935.01 (for C50388 and C60355) pertaining to the remaining contractors for which billing statements need to be sent out by DOF.</p> <p>To completely close the recommendation pertaining to the remaining contractors, the Secretary of Finance should provide OPA copies of written documents showing actions taken to recover the overpayment (e.g., collection letter and CNMI treasury official receipts showing full recovery).</p> <p>The DOF Secretary should also provide OPA the results of the investigation done by the DOF - Finance and Accounting Division Director as to the \$1,400,955.91 which is also recoverable unless adequately supported by the contractors.</p> <p>The Secretary of Finance has proposed extensive revisions to the CNMI Procurement Regulations which was published in the Commonwealth Register of February 23,2001 for review and comments of interested parties until March 23, 2001. DOF is now in the process of reviewing comments received on the proposed revisions to finally adopt the revised CNMI Procurement Regulations.</p> <p>Further Action Needed</p> <p>The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations upon its adoption.</p>

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), 7/3/00 (GOV), 7/6/00 (EMO) (LEG) (MVA), (RMO) (DCCA), 7/11/00 (BOED) (CPA) (CUC) (DLI) (LIBCOUNCIL) (NIMO) (RMC) (SENATE) (SPMC) (SPRC) (TMC) (WASHREP), 7/13/00 (DOF), 9/5/00 (NIMO), 7/00 (Verbal follow-ups made through the telephone), 9/6/00 (TMC) (LIBCOUNCIL) (SPMC), 1/16/01 (BOED), 1/17/01 (CPA), 1/18/01 (CUC) (DLI) (EMO) (RMC), 1/19/01 (DOF) (LEGBUREAU), 1/23/01 (SENATE), 1/24/01 (WRO), 1/30/01 (SPRC), 1/31/01 (RMO)

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), 4/8/99 (NIMO), 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), 1/12/00 (GOV) 1/20/2000 (NMIRF), 7/14/00 (SPMC), 7/16/00 (LIBCOUNCIL), 7/19/00 (NIMO) (RMO), 7/20/00 (TMC), 8/25/00 (MVA), 9/29/00 (DOF), 12/7/00 (meeting with Coordinating Group on DOF), 2/8/01 (RMO), 2/21/01 (SPRC)

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 for use by the agency concerned and the divisions or offices directly under the agency.
a) Implement the use of continuous vehicle trip log forms, which should be placed in every government vehicle (except vehicles assigned to and used			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>by government officials; official government guests; emergency vehicles used by the Department of Public Safety, Civil Defense, Commonwealth Utilities Corporation, and law enforcement offices). The log forms should be maintained by vehicle operators to provide basic trip information such as date, time, places of travel, purpose of travel, beginning and ending mileage readings, total miles driven, the signature of the vehicle operator, and vehicle identification data. 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.</p>			<p>Washington Representative's Office Senate Legislative Bureau Rota Municipal Council Board of Education (PSS) Commonwealth Ports Authority Commonwealth Utilities Corp.</p>
<p>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 <i>clearly states</i> the reason why the vehicle is needed; the date, hours, and conditions when and how the vehicle may be used; and the person(s) authorized to use the vehicle outside regular government working hours. Written authorizations are not required for law enforcement vehicles and vehicles used by elected officials.</p>			
<p>c) Accept conditions in written authorization forms that they will be responsible for the safety of the government vehicles they are authorized to take home, for any liability or damage resulting from their negligence while the vehicles are under their care, and for any tax consequences resulting from the benefit of using government vehicles between their homes and places of employment.</p>			
<p>d) Conform to the standard vehicle specifications and features specified in the guidelines issued by the</p>			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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.
	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.		
	EMO	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.
Rota Mayor's Office	Closed	In his 2/8/01 response, the Mayor of Rota provided OPA a copy of the memorandum addressed to the Rota Resident Departments, Offices and Agencies on the Standard Policy on Use of Government Vehicles and a copy of the vehicle trip log form and vehicle authorization form. The documents provided to OPA sufficiently addressed the recommendation.	
CNMI Superior Court	Closed	In his 2/21/01 response the Presiding Judge provided OPA a copy of the memorandum issued to all Superior Court staff on the use of the government vehicle, vehicle trip log and the vehicle operators' authorization forms. The documents provided to OPA were sufficient to close the recommendation.	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Secretary of Finance should instruct the Director of Procurement and Supply to:	DOF Proc. & Supply	Open Active	During the 12/7/00 meeting with the Coordinating Group, the Secretary of Finance directed the P&S Director to review these matters. The P&S Director agreed to develop standard procedures for marking of government vehicles and to provide a copy of updated government vehicle inventory listings.
a) Develop written procedures for marking of government vehicles (except law enforcement vehicles and vehicles used by elected officials). Among other things, the written procedures should specify 1) the period when markings should be made (e.g., within a specified time frame after vehicle has been delivered by vendor); 2) the information to be included in the markings, such as the agency name, and if the vehicle is government-owned, the property number as well; 3) the exact size of the markings that 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.			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. The Mayors of Rota and Tinian should direct the Rota and Tinian liaison offices, respectively, to develop a standard policy and guidelines that will regulate the use of government vehicles assigned to the liaison offices. The policy and guidelines should be approved by each respective mayor. The policy should state, among other things, that any person who allows unauthorized passengers in government vehicles shall be personally liable for any damage or injury to persons or property, and that the CNMI government expressly refuses to accept any liability in such a situation. The guidelines should state specific instances when and which persons who are not government employees may be transported in government vehicles (e.g., Rota or Tinian residents sent to Saipan for medical referral, etc.), the liaison employees authorized to transport persons who are not government employees, the penalties for violation of the policy and guidelines, and other restrictions. Specific examples of unallowable uses, such as using the vehicles to go to beaches, video rental shops, amusement or gambling places, and other unreasonable uses, should also be included in the guidelines. The guidelines should also cite uses that may be reasonably authorized, such as using the vehicles to go to restaurants to eat meals, or to go to stores to buy groceries and other basic necessities, provided the vehicles are used by operators and passengers duly authorized by the liaison office.</p>	<p>Rota Mayor's Office</p>	<p>Closed</p>	<p>In his 2/8/01 response, the Mayor of Rota provided OPA with an actual copy of the standard policy and guidelines adopted by the Rota Liaison office to regulate the use of government vehicles assigned to them which sufficiently addressed the recommendation.</p>

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), 3/8/00 (TMO), 7/3/00 (DPW), 7/6/00 (RMO) (SMO), 7/11/00 (NIMO) (NMC) (PDO) (PSS) (RMC) (SPRC), 7/13/00 (DOF), 9/5/00 (NIMO), 11/8/00 (CAO), 1/15/01 (PSS), 1/18/01 (NMC) (PDO) (RMC) (SMC), 1/19/01 (CAO), 1/22/01 (SMO), 1/30/01 (DCCA) (SPRC), 1/31/01 (RMO)

Date(s) of response letter(s) received : 7/15/98 (GOV), 7/10/98 7/24/98 (DLNR), 7/22/98 (PDO), 10/13/98 (SMC), 10/15/98 (TMO), 10/21/98 (TMO), 12/10/98 (DPW), 4/8/99 (NIMO), 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), 2/2/00 (SMC), 2/00 (DOF), 3/8/00 (TMO), 7/3/00 (TMO), 7/19/00 (NIMO) (RMO), 9/8/00 (DPW), 10/3/00 (meeting with Coordinating Group on DCCA), 10/12/00 (CAO), 1/29/01 (CAO), 2/8/01 (RMO), 2/15/01 (PDO), 2/16/01 (PSS), 2/21/01 (SPRC), 3/29/01 (follow-up telephone conversation with the PDO), 3/29/01 (follow-up telephone conversation with NMC)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
32. Take steps to charge appropriate leave for the employees' unworked hours.	CAO	Closed	The CAO Executive Assistant responded on October 12, 2000 and provided OPA copies of memorandum to all CAO staff on use of a flexible time system and on documenting annual and sick leave requests. The documents provided were sufficient to address recommendation numbers 33 and 34.
33. Develop and implement written policies and procedures in the use of the flexible time system, if CAO decides to continue its use.	CAO	Closed	On 1/29/01, the CAO Executive Assistant provided OPA copies of Application for Leave and Summary Time Sheets (STS) evidencing that the employees were charged leave which addressed recommendation no. 32. In addition, we were provided copies of log out sheets and a memorandum on the use of the log sheets which addressed recommendation number 35.
34. Establish procedures for documenting the calls of employees reporting leave.	CAO	Closed	On 1/29/01, the CAO Executive Assistant provided OPA copies of Application for Leave and Summary Time Sheets (STS) evidencing that the employees were charged leave which addressed recommendation no. 32. In addition, we were provided copies of log out sheets and a memorandum on the use of the log sheets which addressed recommendation number 35.
35. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	CAO	Closed	On 1/29/01, the CAO Executive Assistant provided OPA copies of Application for Leave and Summary Time Sheets (STS) evidencing that the employees were charged leave which addressed recommendation no. 32. In addition, we were provided copies of log out sheets and a memorandum on the use of the log sheets which addressed recommendation number 35.

36. Take steps to reverse the administrative leave granted to DCCA employees covering half-day for December 29, 1995.	DCCA	Closed	During the 10/3/00 meeting with the Coordinating Group, it was concurred that this recommendation be closed.
38. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	DCCA	Resolved Active	During the 10/3/00 meeting with the Coordinating Group, the DCCA Secretary agreed to confirm in writing that time clocks are being used.
Further Actions Needed			
39. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DCCA	Resolved Active	Recommendations 38 and 39 - The Secretary of DCCA should provide OPA a copy of the written instructions to the employees.
40. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	PDO	Closed	In a follow-up telephone conversation on 3/29/01, the Public Defender agreed to implement a timekeeping documentation system as an alternative means to document the attorneys' time. We consider the recommendation closed based on the alternative action to be taken by PDO.
71. Issue a memorandum to the two employees requiring them to time-in-and-out on the DTA sheet.	RMO	Closed	In his 2/8/01 response, the Mayor of Rota provided OPA a copy of the memorandum to all employees reiterating the time-in and time-out requirement. The memorandum sufficiently addressed the recommendation.
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

			<p>Recommendation 74 - The Chief of Staff should provide OPA a copy of memorandum taking appropriate disciplinary actions against the three employees who were AWOL.</p>
75. Adjust the leave charges of the three employees by charging each of them as AWOL and crediting each of them regular hours or annual/sick leave.	RMC	Open Delinquent	<p>Recommendation 75 - The Chief of Staff should provide OPA copies of the application for leave and STS evidencing that the employees were charged leave.</p>
76. Issue a memorandum requiring all employees to personally record their actual time-in-and-out in the daily time and attendance sheet.	RMC	Open Delinquent	<p>Recommendation 76 and 78 - The Chief of Staff should provide OPA a copy of written instructions to the employees.</p>
77. Establish procedures for documenting the calls of employees reporting leave.	RMC	Open Delinquent	<p>Recommendation 77 - The Chief of Staff should provide OPA a copy of the developed written policies and procedures.</p>
78. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.	RMC	Open Delinquent	<p>Recommendation 79 - The Chief of Staff should provide OPA a copy of the result of the discussions with the heads of other agencies.</p>
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	<p>On 2/2/00, the SMC Executive Director provided OPA written justification for one of the two employees who was given flexible time. The justification meant to explain why there is no need to adjust the leave charges of the employee.</p> <p>For the other one of the two employees, a payroll adjustment printout was provided to us which was supposed to show that adjustment on the leave charges of the employee has been done. However, when we checked with the DOF-Payroll Division, the adjustment was in fact not yet done. We informed the SMC Official Timekeeper who replaced the SMC Executive Director and she agreed to make the necessary adjustments.</p>

However, the employee no longer works for the CNMI Government but still has leave balances so it is possible to make the adjustment. The SMC Official Timekeeper agreed to inform the employee before adjustment is done on his leave balance.

Further Actions Needed

We find the justification for one of the two employees acceptable. Therefore, the SMC Official Timekeeper only needs to provide OPA documents evidencing that the remaining one employee was 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 implemented steps necessary to monitor employees' time and attendance more closely. SMO is charging employee leave for tardiness if the employee does not work 40 hours per week, and 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.
86. Adjust the leave charges of the three employees.	SMO	Open Delinquent	
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	

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.

<p>94. Discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed.</p>	<p>SPRC</p>	<p>Closed</p>	<p>In his 2/21/01 response, the Presiding Judge explained that the Superior Court has not closed its offices since July 1997 except for one day in the year 2000 due to a tropical storm. Further, it was mentioned that the OPA finding was due to an event where the court closed on Christmas Eve of 1996. The Court, by its own rules is opened daily except for weekends and holidays. Notwithstanding the rules of the court, the Superior Court will ensure that the public is informed in advance of the Court's closure. OPA is satisfied with the explanation provide by the Presiding Judge and consider the recommendation closed.</p>
<p>95. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.</p>	<p>SPRC</p>	<p>Resolved Active</p>	<p>This OPA finding was in relation to the granting of an administrative leave with pay for hours spent by at least 22 employees for the Court's New Year's party on December 29, 1995. The personnel regulations for the Judiciary titled Personnel Service System Regulations - Judiciary (PSSRJ) do not show stricter guidelines for granting administrative leave, <i>i.e.</i>, they still included the clause " . . . for such reasons as the Chief Judge may determine."</p> <p>In his response, the Presiding Judge stated that the Superior Court adopted the provisions of the PSSRR in granting administrative leave.</p> <p>Further Action Needed</p> <p>The Superior Court Judge should therefore initiate an update of the PSSRJ based on the PSSRR's provision on administrative leave.</p>
<p>104. Require all timekeepers to control in-house comptime records of employees.</p>	<p>NMC</p>	<p>Resolved Active</p>	<p>In a follow-up telephone conversation on 3/29/01, the NMC Controller agreed to provide OPA samples of in-house comptime records of NMC employees to evidence implementation of the recommendation.</p> <p>Further Action Needed</p> <p>Provide OPA copies of compensatory time records maintained by the Business Office.</p>

107. Initiate the update of the NMC Personnel Regulations using the CSC's guidelines for granting administrative leave.	NMC	Resolved Active	In a follow-up telephone conversation on 3/29/01, the NMC Controller agreed to provide OPA a copy of the NMC Personnel Regulations which includes granting of administrative leave using CSC's guidelines.
			Further Action Needed
			Provide OPA a copy of the updated NMC Personnel Regulations.
108. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	NMC	Open Delinquent	The NMC President continued to disagree with the recommendation.
			Further Action Needed
			The NMC President should reconsider and implement the recommendation.
114. Require all employees to consistently punch the time clock.	PSS	Open Delinquent	On 2/16/01, the PSS Commissioner responded and requested for an extension until 3/5/01 to complete their response to OPA's 1/15/01 follow-up letter.
115. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable or when the employee is assigned to a location where no time clock is available), which should be justified and approved by the division manager.	PSS	Open Delinquent	Further Actions Needed Recommendations 114, 115 and 116 - The PSS Commissioner should provide OPA a copy of the written instruction to the employees.
116. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in the Log-In-and-Out Sheets.	PSS	Open Delinquent	

**6. Report No. LT-00-01 issued February 16, 2000
Compilation of CNMI Government-Paid Travel
For Fiscal Year 1997**

Date(s) of followup letter(s) sent : 2/16/00 (CDA), 7/3/00 (CDA), 7/6/00 (NMIRF) (HOUSEREP), 7/11/00 (CPA) (CUC) (GOV) (SENATE) (NMC), 1/17/01 (CPA), 1/18/01 (CUC) (NMC), 1/19/01 (NMIRF), 1/23/01 (HOUSEREP) (SENATE), 1/30/01 (GOV)
Date(s) of response letter(s) received : 2/16/00 (CDA), 2/17/00 (NMIRF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>Instruct the person in charge of the issuance and liquidation of travel advances to strictly enforce requirement for trip report submission and timely filing of travel vouchers (TVs). This could be accomplished as follows:</p>	<p>CPA CUC NMC Senate Pres. House Speaker</p>	<p>Open Delinquent</p>	<p>The response from the CPA Executive Director did not address the recommendation. The CUC Executive Director stated that the recommendation will be incorporated in the CUC travel policies and procedures which are currently under review. The NMC President, the Senate President, and the House Speaker did not submit written responses.</p>
<p>1. Include trip report in the checklist of required attachments to the TVs (or adopt a checklist if the agency has not adopted one), and ensure that trip report is included with each TV submitted. A missing trip report would constitute an incomplete TV which should be returned to the originator to attach the missing documentation.</p>			<p>Further Action Needed</p> <p>Provide OPA copies of the (1) written instruction to the person in charge of issuance and liquidation of travel advances regarding strict enforcement of requirement for trip report submission and timely filing of TVs; and (2) checklist of required attachments to the TVs which includes a trip report.</p>
<p>2. Strictly enforce the requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and the required sanction of payroll deduction for travelers who failed to timely file TVs. Travelers such as board members who are not part of the government payroll should be required to immediately repay the advances when a complete TV is not timely filed.</p>	<p>Action Required <u>No. 1 and 2</u> CPA NMIRF CUC NMC Action Required <u>No. 1</u> Gov. Senate Pres. House Speaker</p>	<p>Open Delinquent</p>	<p>The responses from the CPA Executive Director and the NMIRF Acting Administrator did not address the recommendation. The CUC Executive Director stated that the recommendation will be incorporated in the CUC travel policies and procedures which are currently under review. The Governor's response did not reemphasize the requirement of not granting requested new travel advances to travelers with unliquidated travel advances. The NMC President, the Senate President, and the House Speaker did not submit written responses.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p><i>Further Action Needed</i></p> <p>Provide OPA copies of the written instruction to the person in charge of the issuance and liquidation of travel advances regarding strict enforcement of the (1) requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and (2) required sanction of payroll deduction for travelers who fail to timely file TVs.</p>

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Autonomous Agencies

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

Commonwealth Development Authority

**I. Report No. AR-00-02 issued on July 10, 2000
Commonwealth Development Authority
Audit on Procurement and Costs of Renovating the CDA's Leased Building
January 1998 to August 1999**

Date(s) of followup letter(s) sent : 1/19/01 (DOF), 1/22/01 (CDA), 1/23/01 (Legislature)
Date(s) of response letter(s) received : 9/26/00 (DOF), 2/8/01 (CDA request for extension until 3/2/01), 3/1/01 (CDA)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CDA Board Chairman should immediately take steps to obtain reimbursement from the lessor of the amount of the accrued interest on public funds advanced for the parking lot improvements amounting to \$9,278.31.	CDA	Open Active	In the 3/1/01 response from the CDA Comptroller, CDA's position is that the loan in question and the related lack of interest charged were part of the overall lease negotiations. The lease and the related negotiations were properly approved by the Board of Directors. <i>Further Action Needed</i> CDA should reconsider and implement the recommendation.
2. The Legislature should amend 1 CMC §7402 of the Planning and Budgeting Act to specifically provide that unused budget authority may not be transferred to subsequent years, and to provide sanctions for violations.	Legislature	Open Active	The Speaker of the House stated that he intended to comply with our recommendation that 1 CMC §7402 of the Planning and Budgeting Act be amended to provide that unused budget authority may not be transferred to subsequent years. <i>Further Action Needed</i> We consider this recommendation open until appropriate legislation is introduced to amend 1 CMC §7402.
3. The CDA Board Chairman should ensure that all CDA officials attend a presentation on the procurement regulations to be conducted jointly by P& S and the Office of the Public Auditor.	CDA	Resolved Active	In the 3/1/01 response from CDA Comptroller, it was stated that CDA is available and will attend the workshop to be arranged by OPA and P&S. OPA determined that workshops will be appropriately scheduled once the revised CNMI Procurement Regulations have been formally adopted.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. The Secretary of Finance require P&S to assess CDA's capability to administer its own procurement regulations. More specifically, P&S should determine whether CDA has adopted the CNMI's procurement regulations, and if so, assess whether CDA has the staff capability to carry out the functions P&S would normally administer, and then make a decision as to whether CDA should be delegated procurement authority.</p>	DOF/AGO	Resolved Active	<p>On 9/26/00, the DOF Secretary followed up with the AGO its request for a legal opinion as to whether or not CDA has the statutory authority to promulgate its own procurement regulations before it will take action to assess CDA's capability to administer its own regulations.</p> <p><i>Further Action Needed</i></p> <p>We consider the recommendation open until (1) the Attorney General rules on whether or not CDA has the statutory authority to promulgate its own regulations as requested by the Secretary of Finance, (2) if it does not, P&S determines whether CDA has the staff capability to carry out the function P&S would normally administer, and (3) P&S then make a decision as to whether CDA should be delegated procurement authority.</p>

**2. Commonwealth Development Authority
Independent Auditor's Report on Internal Control and on Compliance
Over Financial Reporting Based Upon the Audit Performed
in Accordance with Government Auditing Standards
Year Ended September 30, 2000**

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. CDA should ensure that follow-up procedures on past due loans are adhered to. Legal action should be considered for those loans which are considered unlikely to be serviceable by the borrower.</p>	CDA	Resolved Active (Outstanding since FY1994 Single Audit)	<p>For the fiscal year ended 9/30/00, CDA showed much improvement in the amount reserved for bad debt. At year end, a total of 51 loans had been referred to CDA's legal counsel for action and several loans were restructured to aid borrowers in their repayment, as stated in the auditee's response.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. CDA should review instances of noncompliance with the requirements of the Policies and Regulations for the Economic Development Loan Fund (the manual) and determine if corrective action is necessary. CDA should comply with the Manual's requirements and develop a policy concerning performance and payment bonds, worker's compensation insurance, and business licenses for ancillary construction projects.</p>	CDA	<p>Resolved Active (Outstanding since FY1988 Single Audit)</p>	<p><i>Further Action Needed</i></p> <p>Provide OPA continuous updates of the actions taken for follow up and renegotiate past due loans until full recovery.</p>
<p>3. NMHC should ensure that restricted asset balances are accurately and fully maintained.</p>	NMHC	<p>Resolved Active (Outstanding since FY1999 Single Audit)</p>	<p>Majority of the past exceptions related to improper filing of documents were not direct violations of policy. The loans department is currently reviewing all files to ensure that all necessary documents are properly filed. During the year, two new loan officers were hired. As staff training continues, exceptions will be minimized, as stated in the auditee's response.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA results of review of all files and the corrective actions taken.</p>
<p>4. NMHC should investigate the procedures employed by local bank in verifying account balances to ensure that all applicant accounts are properly reported.</p>	NMHC	<p>Resolved Active (Outstanding since FY1996 Single Audit)</p>	<p>NMHC had renegotiated the loan relating to the restricted balances. As such the restricted balances no longer apply. Upon reviewing the new loan documents, all original terms and conditions applied and the funds will be restored within the next thirty days, as stated in the auditee's response.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA documents showing that NMHC no longer has a restricted asset balance in its books.</p> <p>It has become apparent that commercial banks will not respond to CDA's repeated verification requests. NMHC will require notarized statements from their clients as an accepted alternative, as stated in the auditee's response.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA documents showing that the alternative action was taken and the results of such action.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. CDA should ensure that supporting documentation and inspection reports are properly retained in the program recipient's files.	CDA	Resolved Active	CDA concurred with this finding. The manager of the rental program has been instructed to review all files and insure timely filing of all documents, as stated in the auditee's response. <i>Further Actions Needed</i> Provide OPA results of review of all files and the corrective actions taken.
6. NMHC should make inquiries or arrange training with HUD on the proper completion of HUD-52595.	NMHC	Resolved Active	NMHC will seek outside expertise in the preparation of the report for the next fiscal year, as stated in the auditee's response. <i>Further Action Needed</i> Provide OPA an update of the actions taken to ensure proper completion of the HUD report.
7. NMHC should ensure proper reporting of SF-272 to HUD.	NMHC	Closed	NMHC noted this error and informed HUD. HUD did not require a revised SF-272, but informed NMHC to show correction on the next quarterly report. This was done and was reconciled to the general ledger, as stated in the auditee's response.

Commonwealth Government Employees Credit Union

**I. Commonwealth Government Employees Credit Union
 Independent Auditor's Report on Compliance and on Internal Control
 Based on an Audit of Financial Statements
 Performed in Accordance with Government Auditing Standards
 Year Ended December 31, 1997**

Date(s) of followup letter(s) sent : 7/12/00, 1/22/01
 Date(s) of response letter(s) received : 4/2/01 (follow-up telephone conversation)

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 subsidiary ledgers on a periodic basis.	CGECU	Resolved Active (Outstanding since FY1996 Single Audit)	In a follow-up telephone conversation on 4/2/01, the Manager of the Credit Union informed OPA that they are in the process of inputting the December 2000 balances from the DBASE (old software) to the FOXPRO (new software) which they anticipate to be completed by the end of April 2001. With the new software, subsidiary ledgers can easily be balanced with the general ledger. Also, they will be able to print out accrued interest receivable on loans with payments not sufficient to cover interest accrued through the end of the month.
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	Resolved Active (Outstanding since FY1996 Single Audit)	Further Action Needed Recommendation 1 and 2 - 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	Closed	With the help from an accounting firm staff, CGECU has complied with FASB No. 91 for the year 1998 and will continue to comply with the statement.

Commonwealth Ports Authority

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

Date(s) of followup letter(s) sent : 11/21/95, 3/7/96, 12/5/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98, 11/22/99 (CPA), 1/26/99 1/5/2000 (AGO), 7/11/00 (CPA), 1/17/01 (CPA)

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 to Act	Status	Agency Response/ Additional Information or Action Required
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.	CPA	Resolved Delinquent	<p>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.</p> <p>Further Action Needed</p> <p>Our review of the official representation policies and procedures adopted by CPA and the proposed amendments showed that additional improvements are still needed. As previously discussed, CPA should consider amending the policies and procedures to include the following matters:</p> <ol style="list-style-type: none"> 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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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expenses. No other exceptions should 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, 7/11/00, 1/17/01
Date(s) of response letter(s) received : 3/27/96, 12/24/96, 3/27/99

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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|--|-----|------------------------|---|
| 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 former 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). |
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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	<p>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.</p> <p>Further Action Needed</p> <p>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."</p>
4. The CPA Board Chairman should establish written policies and procedures to prevent financial interest violations in the future.	CPA	Resolved Delinquent	<p>In his letter response dated 3/27/96, the former 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.</p> <p>Further Action Needed</p> <p>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.</p>

**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, 7/11/00, 1/17/01
Date(s) of response letter(s) received : 4/30/99

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 Procurement Regulations.	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 outstanding. For recommendation 6, Part 3.7 of the 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.
8. The CPA Board Chairman should instruct the Comptroller to design and implement a billing and accounting system that can readily provide information on rental payments and outstanding rentals owed by lessees. The system should include features such as notification to delinquent lessees and analysis of discrepancies in monthly rental collections.	CPA	Resolved Delinquent	For recommendation 8, a 4/30/99 memorandum from the CPA Comptroller to the DOF Secretary stated that CPA is 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.

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

Date(s) of followup letter(s) sent : 9/18/98, 11/22/99, 1/26/99 1/5/2000 (AGO), 7/11/00 (CPA), 1/17/01 (AGO) (CPA)
Date(s) of response letter(s) received : 4/30/99, 1/20/2000 (AGO), 3/8/01 (verbal follow-up), 3/9/01 (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	Resolved Active	In his 3/9/01 response, the Acting Attorney General stated that the former CPA Deputy Director entered into a settlement agreement with CPA in order to avoid a civil restitution action, where \$250 monthly payments were to be made. OPA was able to obtain a copy of the June 3, 1998 settlement agreement between CPA and the former CPA Deputy Director which partly addressed recommendations 2 to 4. A \$3,000 restitution was stipulated in the settlement agreement.
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	Resolved Active	Per inquiry from the CPA Comptroller on 3/8/01, OPA was informed that the former CPA Deputy Director has fully paid the \$3,000 restitution.
4.	Recover from the former CPA Deputy Director a reasonable amount for the cost of fuel and maintenance of the white Toyota Camry.	CPA	Resolved Active	

Further Actions Needed

Recommendations 2, 3, and 4 - The CPA Executive Director should provide OPA evidence of collection of the \$3,000 restitution as stipulated in the settlement agreement. No further action is required from AGO.

**5. Report No. AR-00-03 issued July 20, 2000
Commonwealth Ports Authority
Audit of the Compensatory Time Claimed and Retirement Benefits
Paid to Two Former Officials of the CPA**

Date(s) of followup letter(s) sent : 1/17/01 (CPA), 1/19/01 (NMIRF)
Date(s) of response letter(s) received : None

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1.	The CPA Board of Directors should adopt personnel rules and regulations that are: (a) within the authority	CPA	Open Active	In his letter response dated May 12, 2000, the CPA Board Chairman disagreed with recommendation 1. He believed that CPA is

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>granted by the Commonwealth Ports Authority Act and other CNMI laws such as the Compensation Adjustment Act, (b) consistent with and governed by the same principles of fairness and equality as the CNMI Personnel Regulations, thereby eliminating the grant to FLSA exempt (executive, administrative and professional) officials and employees to earn comptime, and the grant to six designated officials of 14 annual leave hours per payperiod, or 360 hours per year.</p>	CPA	Open Active	<p>not required or obliged to adopt rules and regulations similar or identical to the CNMI Personnel Regulations. However, CPA intends to reconsider its present policy and undertake a comprehensive review of its comptime policy and formulate a revised policy that would address CPA's needs, observe FLSA guidelines and be fiscally responsible.</p> <p>He also stated that CPA's system of compensation is generally commensurate with the rest of the Commonwealth government. He further said that granting of 14 hours annual leave per payperiod to designated officials is a matter of personnel policy. He stated, however, that the CPA Board will re-examine the concern raised by OPA and determine whether its annual leave policy should be revised or readjusted.</p> <p>Further Action Needed</p> <p>Provide OPA with revised personnel policy removing provisions allowing FLSA-exempt employees to earn comptime, and also reconsider and rescind its policy of granting 14 hours annual leave to six designated officials.</p>
<p>2. The CPA Board of Directors should establish necessary control procedures for approval and documentation of overtime and comptime.</p>	CPA	Open Active	<p>The CPA Board Chairman stated that a fairly comprehensive set of personnel rules with respect to applications for comptime, the basis for justification, documentation and approval will be considered in a comprehensive review of its comptime policy.</p> <p>Further Action Needed</p> <p>Provide OPA with new promulgated comptime policies implementing the recommendation.</p>
<p>3. The CPA Board of Directors should comply with the Administrative Procedure Act by publishing the CPA Personnel Regulations in the Commonwealth Register.</p>	CPA	Open Active	<p>The CPA Board Chairman stated that CPA intends to later publish its Personnel Manual in the Commonwealth Register in accordance with the CNMI Administrative Procedure Act.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<i>Further Action Needed</i>
			Provide OPA with evidence that the recommendation has been implemented.
4. The CPA Board of Directors should adopt personnel rules and regulations that are in compliance with the Retirement Fund Act, thereby repealing the regulation that allows conversion of unused comptime hours to accumulated sick leave for certain officials.	CPA	Open Active	The CPA Board Chairman agreed to rescind CPA's policy of converting comptime to sick leave since the Fund already considers comptime as part of a member's credited service.
			<i>Further Action Needed</i>
			Provide OPA with its new policy eliminating the conversion of comptime to sick leave.
5. The CPA Board of Directors should instruct the CPA Accounting Department to stop the practice of making advance payments of unused annual leave and salary, and comply with the provision in the employment contracts that payments will be made upon contract expiration. In the case of retiring employees not covered by employment contracts, payment should be made on the next payday following the termination of employment or on payroll due dates.	CPA	Open Active	CPA believed that making advance payments is neither illegal nor improper. Nonetheless, CPA intends to include this issue in its review of the various audit issues raised, and will notify OPA of its decision on the matter.
			<i>Further Action Needed</i>
			The CPA Board Chairman should reconsider his position and implement the recommendation.
6. The CPA Board Chairman should request the NMI Retirement Fund to (a) adjust the pension amount of the former CPA Executive Director based on the average annual salary and creditable years of service per audit, (b)discontinue pension payments to the former CPA Security Chief who is not qualified to receive early retirement benefits, and (c)recover improper payments of retirement benefits to the two former CPA officials in accordance with the NMIRF Act.	CPA	Open Active	On May 25, 2000, CPA conducted a hearing through its Personnel Affairs Committee. In its written decision, the Committee stated that the 1,800 hours of comptime claimed by the former Security Chief had a factual basis and was justified, and therefore reaffirmed its decision and allowed it to stand. Also, on June 17, 2000, the Committee wrote a letter to the former Executive Director about OPA's findings and conclusion on the comptime he claimed during his employment at CPA. The Committee added that it had no way to independently determine the veracity of the total number of comptime hours claimed by the former Executive Director, and advised him to present his position to OPA regarding the comptime hours claimed.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
8. The Fund Administrator should instruct his staff to recalculate and adjust the pension benefits of all other fund members by disregarding overtime and comptime hours that were considered as additional credited service.	NMI Retirement Fund	Resolved Active	<p data-bbox="946 296 1219 323"><i>Further Action Needed</i></p> <p data-bbox="946 359 1425 480">The CPA Board Chairman should reconsider his decision on the comptime claimed by the former CPA Security Chief and implement the recommendation.</p> <p data-bbox="946 554 1425 676">NMIRF obtained the legal opinion of the AGO on whether overtime and compensatory time can be used to determine the benefit amount of a retirement annuity.</p> <p data-bbox="946 711 1425 989">The AGO in its legal opinion dated June 9, 2000, stated that overtime and compensatory time shall not be used to calculate the amount of benefit, but only eligibility for retirement. It was further stated that it is the opinion of the AGO that overtime and compensatory time cannot be used to determine the amount of the benefit paid to a retiree by the Retirement Fund.</p> <p data-bbox="946 1024 1425 1299">The AGO recommended that re-calculation of benefits to affected members should be made and the amount of overpayment should be determined. The AGO further stated that members should be informed and advised of their right to appeal an adverse determination. If no appeal is filed, then collection process must be undertaken by the NMIRF.</p> <p data-bbox="946 1335 1425 1486">The Fund is in the process of determining who are the benefit members who have been overpaid. Further actions will be taken after this determination, <i>i.e.</i>, informing benefit members, appeal and collection process, etc.</p>
9. The Fund Administrator should recover improper payments to the two former CPA officials totaling \$126,730.06, and also from all other fund members who have been overpaid by including	NMI Retirement Fund	Open Active	<p data-bbox="946 1520 1219 1547"><i>Further Action Needed</i></p> <p data-bbox="946 1583 1425 1705">Provide OPA evidence that corrective action to adjust the benefits of all other fund members has been taken based on AGO's legal opinion.</p> <p data-bbox="946 1745 1425 1896">On May 15, 2000, the Fund began withholding 50% of the former CPA Executive Director's semi-monthly pension. The Fund also conducted two separate agency hearings in connection with the</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
overtime and comptime in the computation of their retirement annuity. If any problems exist in recovering overpayments, refer the matter to the Attorney General for legal action.	NMI Retirement Fund	Open Active	<p>retirement benefits improperly paid or being paid to the former Executive Director and former Security Chief. In its decision dated February 15, 2001, the Fund's Board of Trustees affirmed the decision and actions of its Administrator in terminating the retirement benefit of the former Security Chief. Also, in a letter dated July 27, 2000, AGO concurred with the findings of OPA and determined that the overpayment to the former Security Chief of CPA must be recovered. The Fund's Board of Trustees have not yet issued its decision on the case of the former Executive Director.</p> <p>Further Action Needed</p> <p>Provide OPA evidence of a written settlement plan with the former CPA Security Chief requiring repayment to the Retirement Fund.</p>
10. The Fund Administrator should inform all government agencies how to compute retirement annuities, clearly explaining that overtime and comptime hours may not be considered as part of credited service.	NMI Retirement Fund	Open Active	<p>The AGO in its legal opinion dated June 9, 2000, stated that overtime and compensatory time shall not be used to calculate the amount of benefits, but only eligibility for retirement. It was further stated that it is the opinion of the AGO that overtime and compensatory time cannot be used to determine the amount of the benefits paid to a retiree by the Retirement Fund. The Fund Administrator has yet to begin informing all government agencies about the proper computation of retirement annuity, clearly explaining the exclusion of overtime and comptime from credited service based on the AGO's legal opinion.</p> <p>Further Action Needed</p> <p>Provide OPA evidence that the recommendation has been implemented.</p>

**6. Commonwealth Ports Authority
 Independent Auditor's Report on Internal Control and on Compliance
 Over Financial Reporting Based Upon the Audit Performed
 in Accordance with Government Auditing Standards
 Year Ended September 30, 2000**

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 department of substantial completion of construction projects.	CPA	Open Delinquent (Outstanding since FY98 Single Audit)	Provide OPA with established procedures whereby the Staff Engineer is required to notify the Comptroller upon completion of a project, as stated in the auditee's response.
2.	CPA should monitor its insurance coverage for the Seaport facilities to prevent potential losses and to comply with bond covenants.	CPA	Open Active	Provide OPA documents showing that CPA obtained insurance to adequately cover its fixed assets, as stated in the auditee's response.

Commonwealth Utilities Corporation

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

Date(s) of followup letter(s) sent : 12/3/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98, 11/22/99, 1/26/99 1/5/2000 (AGO), 7/11/00 (CUC), 7/12/00 (AGO), 1/17/01 (AGO), 1/18/01 (CUC)

Date(s) of response letter(s) received : 4/4/97 (AGO), 4/20/98 (AGO), 7/18/00 (CUC), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (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 collection actions are initiated on all advances that remain unliquidated beyond the period allowed by law.	CUC	Open Delinquent	<p>The Operating Manual prepared by CUC did not contain procedures for monitoring advances to employees.</p> <p style="text-align: center;">Further Action Needed</p> <p>CUC should establish procedures relating to the monitoring of advances to employees and provide a copy of the procedures to OPA.</p>
2. <i>As Redirected to AGO</i> - Take action to recover the \$5,300 advance from the former Executive Director. <i>Original</i> - The CUC Executive Director should require the Comptroller to record the \$5,300 advance as a receivable, and require the former Executive Director to return the amount.	AGO	Closed	In his 3/9/01 response, the Acting Attorney General stated that this case was originally rejected because almost all of the payments were beyond six (6) years which, is past the Statute of Limitations for most civil actions. The case was re-analyzed to see if the Statute of Limitations could be extended because the incorrect payments were not discovered until the audit report was released. After further research, it was decided that no further action would be taken in this case.
3. <i>As Redirected to AGO</i> - Take action to recover from the former Executive Director \$7,333 in expenses paid twice and in error. For the hotel expenses of other travelers paid by the former Executive Director, recover the \$8,526 from the other travelers because they each received per diem.	AGO	Closed	
5. <i>As Redirected to AGO</i> - Take action to recover from the former Executive Director \$23,368 in questioned expenses.	AGO	Closed	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. The CUC Executive Director should establish and implement written policies and procedures regulating official representation, entertainment, and other expenses of similar nature. The policy should clearly indicate the officials authorized to incur such expenses, the circumstances when such expenses may 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	Resolved Active	On 7/18/00, the Executive Director provided OPA with a draft copy of policies regulating official representation and business entertainment expenses. Further Action Needed CUC should provide OPA with a copy of the adopted 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 reimbursement.	CUC	Resolved Delinquent	The Executive Director responded that the Comptroller would develop and implement procedures regulating wire transfers and prepayments. Further Action Needed CUC should provide OPA with 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 with a plan of action to ensure that items purchased by the former Executive Director were received.
11. <i>As Redirected to AGO</i> - 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	Closed	In his 3/9/01 response, the Acting Attorney General stated that this case was originally rejected because almost all of the payments were beyond six (6) years, which is past the Statute of Limitations for most civil actions. The case was re-analyzed to see if the Statute of Limitations could be extended because the incorrect payments were not discovered until the audit report was released. After further research, it was decided that no further action would be taken in this case.

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. <i>Further Action Needed</i> CUC should provide OPA with a copy of the adopted travel policies.

**2. Commonwealth Utilities Corporation
Independent Auditor's Report on Internal Control and on Compliance
Over Financial Reporting Based Upon the Audit Performed
in Accordance with Government Auditing Standards
Year Ended September 30, 1998**

Date(s) of followup letter(s) sent : 7/11/00, 1/18/01
Date(s) of response letter(s) received : None

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 the auditee's 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 the auditee's 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 the auditee's 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 Delinquent	Provide OPA with actions taken to review customer rates for water to be taken in FY2000, as stated in the auditee's 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 Delinquent	Provide OPA with steps 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 a copy of the document reminding Division managers and supervisors of CUC Policies and Procedures denying 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 with a copy of the accounting section's reconciliations of grant receivables, payables, expenditures, and contributed capital on a monthly basis, as stated in the auditee's 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 a 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 a copy of reconciliations of balance due from the CNMI per CUC's books to the balance recorded in the books 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 a copy of actions taken to review advance and prepayment accounts, as stated in the auditee's 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 the auditee's response.
12.	CUC should reconcile its inventory listing to cost documentation.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with a copy of the procedures instituted to ensure that the count and inventory records match, as stated in the auditee's 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 the auditee's 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 the auditee's 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 copies of reports generated by the current computerized systems for work orders, as stated in the auditee's 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 the auditee's 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 a copy of the reconciliation of fixed asset register to the general ledger, as stated in the auditee's 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 the auditee's 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 Delinquent	Provide OPA with a copy of the promissory note agreement between CDA and CUC, as stated in the auditee's response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
20. CUC should implement appropriate policies and procedures to ensure recording of all liabilities in the appropriate fiscal year.	CUC	Open Delinquent	Provide OPA with a copy of procedures adopted to ensure that all change orders are approved prior to additional work being performed, as stated in the auditee's response.
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 the auditee's 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 the auditee's response.
23. CUC should ensure that all amounts requested for reimbursement are adequately supported.	CUC	Open Delinquent	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 Delinquent	Provide OPA with a copy of requests for payment signed by the Executive Director, and include certification as to the stage of completion of the project.

Marianas Visitors Authority

**I. 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), 7/6/00 (MVA), 9/12/00 (MVA), 7/13/00 (DOF), 1/23/01 (MVA)
 Date(s) of response letter(s) received : 1/4/2000 (DOF), 1/12/00 (GOV), 2/00 (DOF), 8/25/00 (MVA)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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 Active	<p>In his 8/25/00 response, 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.</p> <p>Further Action Needed</p> <p>MVA should provide a time frame for completing the workshop, and provide copies of written requests or arrangements made with the P&S Division.</p>
7. The Managing Director should 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 Active	<p>In his 8/25/00 response, the Managing Director stated that presently MVA has a paper trail which can trace the execution of a contract, performance monitoring, and payments to the contracts. However, this paper trail can be further improved with a file system as recommended.</p> <p>Further Action Needed</p> <p>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.</p>

Northern Marianas College

**I. Report No. LT-00-05 issued June 13, 2000
 Audit of the Northern Marianas College's
 Collections and Deposits from July to November 1999**

Date(s) of followup letter(s) sent : 7/11/00, 9/19/00, 1/18/01
 Date(s) of response letter(s) received : 8/28/00

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Board of Regents should take the following steps:</p> <ol style="list-style-type: none"> 1. Adopt and implement clear policies, procedures, and administrative sanctions that will ensure regular performance or control over the following: <ol style="list-style-type: none"> a. the proper turnover of cashiering duties and responsibilities any time a cashier goes out of the office or is absent and is temporarily relieved by another person, making it impossible to commingle cash collected by the cashier with the reliever's cash collections. b. the proper custodianship for the cash safe's combination and key (only one person may have access), unused ORs, blank checks, and limited access to the cashier's office. c. use of control features in the computerized accounting system, such as the use of passwords or log-on IDs, limiting access and user capabilities to specific users and key officials only. For example, people collecting tuition and other fees should only be allowed to see (inquiry options only) the student accounts receivable subsidiary 	NMC	Resolved Active	<p>On 8/28/00, NMC provided OPA with its draft internal control policies. OPA evaluated the policies and informed NMC in a letter dated 9/19/00 that the policies were not sufficient to close the recommendations. The policies did not specifically state the personnel who will be responsible in carrying out the specific duties and responsibilities within the Business Office. In addition, the draft internal control policies made no mention of legal and administrative sanctions in case an employee commits financial fraud.</p> <p><i>Further Action Needed</i></p> <p><i>Recommendation 1 and 2-</i> NMC should provide OPA a copy of the written policies and procedures of the Business Office. They should also incorporate in the written policies and procedures legal and administrative sanctions in case an employee commits financial fraud.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>ledger balances on the computer monitors, but must not be allowed to input or adjust any financial information.</p>			
<p>d. periodic audits or surprise cash counts for handlers of petty cash and change funds, and having petty cash vouchers and other supporting documents for payments in the files at all times.</p>			
<p>2. Require the Comptroller to implement and enforce effective internal controls over cash. The Comptroller must also identify the specific Business Office supervisor who will perform the following:</p>	NMC	Resolved Active	
<p>a. Supervision and Review of the cashier</p>			
<p>Supervision must be continuous, and the review of collection reports must be daily. We are reiterating the proper procedure for the review process as follows: (1) determine the amount of collections based on the printed UTR, (2) verify the accuracy and completeness of reported collections by reviewing the sequence of ORs issued, (3) count the cash and checks collected, compare the breakdown and total amount counted against what was reported in the UTR, (4) determine the cause of cash shortages or overages, if any, and report such occurrences to management, (5) determine if the deposit slip was properly prepared, and then sign the deposit slip to show that the review process was conducted, and (6) ensure that the collection to be deposited is placed inside a locked bank deposit bag and placed in a safe under lock and</p>			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
key if the actual deposit will be made on the next banking day.			
b. Review of Bank Reconciliation Statements			
Bank reconciliation statements should be made on a monthly basis and should be reviewed by the comptroller to determine the accuracy of cash account balances and the propriety of adjustments. The staff assigned to prepare the bank reconciliation statements and the comptroller should sign the reconciliation statements and the adjusting entries to document the preparation and review process.			
c. Separate duties so that collection, recording and deposits are made by three different employees.			

**2. Northern Marianas College
Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting
in Accordance with Government Auditing Standards
Year Ended September 30, 1997**

Date(s) of followup letter(s) sent : 1/18/01
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Financial Statement Finding</i>			
1. NMC should ensure that all files are maintained in proper order, and should control access to files requested by auditors or oversight committee members.	NMC	Open Active	Provide OPA copy of steps taken to ensure proper file maintenance and access.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Financial Statement Findings and Questioned Costs			
1. NMC should ensure that NMC staff comply with established policies requiring the NMC President to sign travel advances.	NMC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of steps taken to monitor administration policies to minimize errors of omission.
2. NMC should ensure that NMC staff comply with established policies requiring purchase orders to be issued to vendors after the buyer has obtained the best price and delivery terms.	NMC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of steps taken to monitor compliance with procurement procedure.
3. NMC should ensure that all supporting documents are attached to the check voucher and filed in a manner that ensures no documents will be lost or misplaced.	NMC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of memo reemphasizing compliance with procedures on proper attachments to check payments and check requests and proper filing of invoices and check request forms.
4. NMC should follow all grant requirements. Relevant Federal government circulars should be available to staff responsible for determining activities allowed and allowable costs under each Federal program.	NMC	Open Active	Provide OPA copy of memo reemphasizing requirement for advance approval for equipment costs from grantor.
5. NMC should lower their capitalization limit to conform to the OMB Circular A-133 rules and regulations.	NMC	Open Active	Provide OPA copy of steps taken to lower NMC's capitalization limit.
6. NMC staff should comply with NMC's travel policies which require that travel reports should be filed three days after trip with supporting documents, <i>i.e.</i> , airline tickets, boarding pass, original hotel receipts, etc.	NMC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of memo reemphasizing compliance with travel policies which require supporting documents to be attached to travel reports.
7. NMC should ensure that Federal Financial Reports are filed in a timely manner and that copies of these reports should be maintained for audit purposes.	NMC	Open Delinquent (Outstanding since FY1993 Single Audit)	Provide OPA copy of steps taken to ensure that required reports are filed in a timely manner and maintained for audit purposes.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
8. NMC should revise its method of recording and tracking amounts which relate to Federal matching requirements.	NMC	Open Delinquent (Outstanding since FY1992 Single Audit)	Provide OPA copy of procedures established to ensure that appropriate documentation support matching funds reported to grantor agency.
9. NMC should prepare SF-269 based on actual disbursements and reconcile the figures reported to the general ledger.	NMC	Open Active	Provide OPA copy of steps taken to ensure management review of financial status reports and reconciliation procedures.
10. NMC should comply with the established policies on the use of purchase orders which should be issued to vendors after the buyer has obtained the best price and delivery terms.	NMC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of steps taken to monitor compliance with procurement procedure.
11. NMC should ensure that all supporting documents are attached to the check voucher and filed in a manner that ensures no documents will be lost or misplaced.	NMC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of memo reemphasizing compliance with procedures on proper attachments to check payments and check requests and proper filing of invoices and check request forms.
12. NMC should initiate procedures to update the students' files and make a checklist for each file to ensure that no data are missed.	NMC	Open Active	Provide OPA copy of procedures established to include and update pertinent data in the students' files.

NMI Government Health and Life Insurance Trust Fund

**I. Northern Mariana Islands Government Health and Life Insurance Trust Fund
Independent Auditor's Report on Compliance and on Internal Control
Based on an Audit of Financial Statements
Performed 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. The NMI-GHLITF personnel should determine the amounts due from the various agencies and should accrue this amount in the financial statements.	NMI-GHLITF	Closed	<p>Management agreed with the finding and will be making all accruals of revenues in a timely manner.</p> <p><i>Further Action Needed</i></p> <p>The auditor was advised of the accrual amount, which was recorded as an auditor adjustment, thereby reflecting the proper receivable and revenue amounts for the fiscal year. The financial statements per the audit report did not reflect an understatement of receivables and revenues. No further action is required to be done by the auditee.</p>

Northern Mariana Islands Retirement Fund

**I. Northern Mariana Islands Retirement Fund
Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
Year Ended September 30, 1999**

ate(s) of followup letter(s) sent : 1/19/01 (NMIRF)
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. NMIRF staff should perform a monthly reconciliation of buy back receivables to the general ledger balance.	NMIRF	Open Active	<p>NMIRF responded that the Fund is in the process of developing and implementing a loans management system software application. This software will be able to account for each loan agreement account and compute interest owing and the principal reduction as payments are made. In this manner, the general ledger and the subsidiary ledger can be kept in balance on a monthly basis.</p> <p>Further Action Needed</p> <p>The target date for implementation of the loans management system software application is requested to be provided to OPA to resolve the recommendation.</p>
2. NMIRF should exert every effort to bring the employer contribution receivable from the CNMI government current. NMIRF should consider charging interest on overdue accounts receivable.	NMIRF	Open Active	<p>According to NMIRF, current understanding with the Department of Finance is for them to be paying the most delinquent pay period contributions every two weeks. However, management is seeking to change this understanding to reflect payment of contributions for the most current pay period, as this amount would be larger and would stabilize the receivable balance and keep it from increasing. This is because the current pay period contributions are greater than the pay period most in arrears. It is unlikely that assessing interest would be beneficial or aid in speeding up collection of the delinquency.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. NMIRF should reflect the increased benefits available to retirees and beneficiaries under by Public Law 8-31 as expenses. The allocated taxes used to pay for the benefits should be reflected as revenues.	NMIRF	Resolved Active	<p data-bbox="984 296 1268 323"><i>Further Actions Needed</i></p> <p data-bbox="984 359 1458 541">The final agreement with DOF on how payments will be made on the receivable from the CNMI government, and target date of implementation, is requested to be provided to OPA to resolve the recommendation.</p> <p data-bbox="984 583 1468 737">The Deputy Administrator of NMIRF agreed with the finding and has taken steps to record the increased benefits per P.L. 8-31 as expenses and accrued revenues due from the hotel occupancy and container taxes.</p>
4. NMIRF should investigate the cost of insuring the buildings and contents with a private company. Otherwise, funds should be set aside for possible future claims.	NMIRF	Open Active	<p data-bbox="984 768 1256 795"><i>Further Action Needed</i></p> <p data-bbox="984 831 1468 953">The records showing proper recording of the expenses and revenues is requested to be provided to OPA to close the recommendation.</p> <p data-bbox="984 995 1468 1117">The Board of Trustees and Administrator recognize the need to insure the building and its contents. Quotes will be obtained from private insurance companies.</p> <p data-bbox="984 1148 1256 1176"><i>Further Action Needed</i></p> <p data-bbox="984 1211 1451 1335">Information as to the plan of action to be taken to insure the building and its contents is requested to be provided to OPA to resolve the recommendation.</p>

Office of Public Lands

I. Report No. AR-95-18 issued October 10, 1995
Division of Public Lands
(Currently Office of Public Lands)
Audit of Credit Card and Related Travel Transactions

Date(s) of followup letter(s) sent : Verbal follow-ups 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), 7/6/00 (DPL), 7/12/00 (AGO), 1/17/01 (AGO), 1/24/01 (DLNR)

Date(s) of response letter(s) received : 11/14/95, 6/27/96, 4/4/97 (AGO), 9/11/97, 4/20/98 (AGO), 3/17/99 10/21/99 (DPL), 1/20/2000 (AGO), 6/2/00 (DPL), 9/27/00 (DPL), 10/31/00 (meeting with Coordinating Group on DLNR), 11/7/00 (meeting with Coordinating Group on AGO), 2/8/01 (DPL), 2/22/01 (DPL), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>Original:</i> -The Secretary of DLNR should require the cardholders to reimburse MPLC for all the unallowable and unsupported credit card charges, unless they can specifically identify the charges with MPLC official business and present supporting documents. If necessary, the Secretary of DLNR and the Director of DPL should seek the assistance of the Attorney General to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p> <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General should take appropriate action (i.e., file a lawsuit) to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p>	AGO	Resolved Active	<p>The status of the actions taken against the five cardholders are as follows:</p> <p>a) The Former Executive Director entered into a settlement agreement wherein he agreed to pay back in excess of \$54,000. The payment was made by release of retirement benefits that were owed to the former Executive Director. In addition, the former Executive Director transferred private property to the CNMI government waiving a potential land claim.</p> <p>b) The former Board Chairman and Rota Board member signed promissory notes for \$15,646.87 and \$25,673.29, respectively with the AG's office for payments by month to be sent to the Division of Public Lands.</p> <p>c) The former Tinian Board member opted to enter into a settlement agreement for \$11,657 to be paid in monthly installments to DPL of \$250 beginning January 2000.</p>
<p>2. <i>Original:</i> The Secretary of DLNR should recover from the cardholders the amount of \$45,698.</p> <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should take appropriate action (i.e., file a lawsuit)</p>	AGO	Resolved Active	<p>d) The case against the former Comptroller was tried as a bench trial in the CNMI Superior Court in January 2001. A judgement arising from that trial is pending.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
to recover the amount of \$45,698 from the cardholders.			<i>Further Action Needed</i>
4. <i>Original:</i> The Secretary of DLNR should review and evaluate whether charges for official representation expenses were properly chargeable to MPLC, and recover improper charges from the former Executive Director.	AGO	Resolved Active	Documents on the conveyance of the property of the former Executive Director is requested to be provided to OPA to ensure settlement of the debt. In addition, the judgment arising from the trial on the lawsuit filed against the former Comptroller is also requested to be provided by AGO.
<i>As Revised and Redirected to the Attorney General's Office -</i> The Attorney General's Office should take appropriate action (i.e., file a lawsuit) to recover improper representation expenses' 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 the manner in which it should be documented to ensure that the expenses are reasonable and incurred in the best interest of the CNMI.	DPL	Closed	During the 10/31/00 meeting with the Coordinating Group, the DLNR Secretary provided OPA a copy of DPL's established policies and procedures governing use of official representation account. The policies and procedures completely addressed the recommendation.
6. The Secretary of DLNR should instruct the current Comptroller to determine the correct balance of the travel advance account, and forward advances not reimbursed to DOF for collection. The remaining travel advance balances of cardholders/travelers still working with the Government should be recovered through salary deduction. For employees/officials who no longer work for the Government, the assistance of the Attorney General should be sought to collect the outstanding balances.	DPL	Resolved Active	The former Tinian Board opted to enter into a settlement agreement for \$11,657, to be paid in monthly installments to DPL of \$250, beginning January 2000. The former Board Chairman and Rota Board member both signed promissory notes for \$15,646.87 and \$25,673.29, respectively, and shall make payment directly to DPL. Total amount to be recovered is \$52,977.16.
			As a result, DPL now maintains subsidiary ledgers to record payments received from the former Tinian Board member who signed the settlement agreement, and the former Board Chairman and Rota Board member who both signed promissory notes.
			As of January 2001, the former Tinian Board member has a balance of \$10,432, the former Board Chairman has a balance of \$11,621.84 and the former Rota Board member has a balance of \$17,873.29.

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

DPL should provide OPA the subsidiary ledgers which record payments received from the Tinian Board member who signed the settlement agreement, and from the former Board Chairman and Rota Board member who both signed promissory notes, until full amounts have been collected.

**2. Report No. AR-96-03 issued March 4, 1996
Division of Public Lands
(Currently Office 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, 7/6/00
 Date(s) of response letter(s) received : 12/4/96, 12/12/96, 9/11/97, 2/25/99, 3/17/99, 10/31/00 (meeting with Coordinating Group on DLNR), 1/11/01

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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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	Closed	On January 11, 2001, DPL provided OPA with subsidiary ledgers reflecting the audit adjustments and payments, communications with lessees regarding the result of the audit and copy of receipts evidencing collection of underpayment of rentals from the hotels, resorts, and golf courses noted in the audit. <i>Further Action Needed</i> Based on the documents provided, we consider this recommendation closed.
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**3. Report No. AR-96-05 issued March 21, 1996
Division of Public Lands
(Currently Office 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 (AGO), 7/12/00 (AGO), 1/17/01 (AGO)
 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), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>Original:</i> - The Secretary of DLNR should terminate the lease Corporation A of the Garapan Fishing Base and instruct the DPL Legal Counsel to: (a) initiate legal proceedings to collect rentals due from Corporation A and Restaurant A, (b) recover from the former President of Corporation B all payments collected from Corporation C for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Restaurant B, and (c) notify Restaurant A to pay rentals directly to DPL on a month-to-month basis.</p> <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should: (a) initiate legal proceedings to collect rentals due from Corporation A and Restaurant A, (b) recover from the former President of Corporation B all payments collected from Corporation C for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Restaurant B, and (c) notify Restaurant A to pay rentals directly to DPL on a month-to-month basis.</p>	AGO	Resolved Active	<p>On March 10, 1998, the Attorney General's Office provided OPA documents showing collection of the \$338,910.63 representing rentals due from Corporation A. However, the Attorney General's Office is still considering whether to bring action against Restaurant A and against the former President of Corporation B. In view of this, OPA only closed the portion of the recommendation pertaining to Corporation A.</p> <p>In his 3/9/01 response, the Acting Attorney General stated that liability in this case is clear, as the purchasing corporation signed a "promise to pay" reasonable value for use of public lands. Prospects for recovery need to be fully explored to determine if the case truly has merit.</p> <p>Further Action Needed</p> <p>To consider the recommendation closed, the Attorney General's Office should provide OPA the results of their review and actions to be taken to address this recommendation.</p>

4. Report No. AR-00-04 issued November 22, 2000
Division of Public Lands
(Currently Office of Public Lands)
Audit of Collection of Rentals on Land Leases with Quarries
For Six Lease Years from 1990 to 1995

Date(s) of followup letter(s) sent : 1/22/01
 Date(s) of response letter(s) received : 9/15/00, 11/9/00, 11/21/00, 2/8/01, 2/22/01 (request for extension until 3/9/01), 3/5/01

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Board of Public Lands should require the DPL Director to record in the lessees' subsidiary ledgers maintained by DPL the adjustments to effect the under/overpayments of rentals and interest, including underpayments identified in OPA's prior audit. The report already shows the correct amounts for the offset between the lessees and affected CNMI government agencies as of the lease year ending in 1995. DPL should prepare documents to make the offset arrangements binding on all affected parties so that they will have a basis for updating financial records. DPL should record the correct amounts of offset in the lessees' subsidiary ledgers it maintains, and should also record the amount due from the CNMI general fund for what it paid on behalf of SMO and DPW.</p>	BPL	Closed	<p>DPL assessed the uncollected lease rentals and interest of the 8 quarry operators, including underpayments identified in OPA's prior audit and offsetting arrangements; recorded in its subsidiary ledgers of quarry operators adjustments to effect the unrecorded lease rentals and interest; and sent billings to quarry operators to collect the unpaid lease rentals and interest.</p> <p>With regards to the recommendation to record the amount due from the CNMI general fund for what it paid on behalf of SMO and DPW (which was offset against the underpayment of quarry operator B), DPL stated that it does not intend to request reimbursement from DOF for the amount because it believed that the offset was justified and because the extraction made by SMO and DPW from the site of quarry operator B was for a public purpose.</p>
<p>2. The Board of Public Lands should require the DPL Director to take steps to collect the \$4.69 million in underpayment of rentals (including interest) on land leases with 8 quarries, and refer those lessees who refuse to pay to the Attorney General's office for legal action.</p>	BPL	Resolved Active	<p>After billings were sent, quarry operator H paid \$789.87 as full payment. However, the amount owed by quarry operator B of \$946,967.58 will be written off due to its bankruptcy. Therefore, of the 8 quarry operators, DPL will pursue collection of lease rentals and interest from the remaining six quarry operators, for a total of \$3,742,950.36.</p> <p>The status of collections for the remaining six quarry operators as provided by OPL follows:</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>a. Quarry operator A is experiencing financial difficulty to meet its obligations and requested OPL to waive additional royalties assessed. OPL needs to present the matter to the Board for proper disposition.</p> <p>b. Quarry operator C was required by OPL to submit a payment schedule to pay off its arrears. The matter will be referred to the AGO if no payment schedule is submitted to OPL.</p> <p>c. Quarry operator D proposed a payment schedule to pay off the account. However, due to the substantial amount, OPL sought the assistance of the AGO in drafting a promissory note for the payment of the arrearage.</p> <p>d. Quarry operator E agreed with OPA's finding, except the assessment of royalty on materials stockpiled as inventory. OPL asked quarry operator E to submit its written concerns with OPA's findings.</p> <p>e. Quarry operator F contested the assessment of guaranteed annual minimum rental from 3/1/90 to 7/12/91, because quarry operator F claimed that there were no extractions or quarry activities during that period. However, OPL responded that a royalty report for the particular period was provided to OPA which indicated the extractions had taken place.</p> <p>f. Quarry operator G made a partial payment of \$30,072.91 on 9/5/00 for the undisputed charges, and requested clarification on some discrepancies. OPL will provide quarry operator G a reconciliation of the outstanding balance.</p> <p>Of the \$3,742,950.36 to be collected from the six quarry operators, quarry operator G partially paid \$30,072.91, leaving a balance of \$3,712,877.45 still to be collected.</p> <p>Further Action Needed</p> <p>Provide OPA the status of actions taken for the six quarry operators until full recovery of</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. The Board of Public Lands should require the DPL Director to review the effect of the additional revenues identified in this audit on each affected year's operation in order to determine if there will be surplus funds due to the Marianas Public Land Trust (MPLT).</p>	BPL	Open Active	<p>the remaining \$3,712,877.45 in unpaid lease rentals and interest.</p> <p>The response expressed concurrence with the recommendation and stated that DPL is currently reviewing the effect of the foregoing unrealized revenues on each affected year's operation to determine whether there are surplus funds due to MPLT.</p> <p>Further Action Needed</p> <p>Provide OPA copies of the results of the review and supporting documents.</p>
<p>4. The Board of Public Lands should require the DPL Director to develop and implement written policies and procedures to ensure that all rental amounts payable under the lease agreements or permits are assessed, collection of all lease amounts payable is pursued, and timely action against erring lessees is taken. Include in the policies and procedures to be developed the following: (a) monitoring the submission of required financial documents by the lessees; (b) checking whether the report of material extracted is complete and accurate, and whether the royalty computations have complied with the terms of the lease and are accurate; and (c) scheduling periodic on-site inspections of quarry sites.</p>	BPL	Open Active	<p>The response expressed concurrence with the recommendation, and stated that DPL will update its existing policies and procedures to ensure that rentals due under the lease agreements or permits are accurately assessed and collected in a timely manner, and that submission of all required reports are consistently monitored.</p> <p>Further Action Needed</p> <p>Provide OPA a copy of the revised policies and procedures.</p>
<p>5. The Board of Public Lands should require the DPL Director to send letters to lessees who misinterpreted certain provisions of the lease agreements/permits and incorrectly computed required rentals, clarifying for them the proper interpretation of material subject to royalty or gross receipts rent, and the common errors noted such as not implementing rate increases on the anniversary dates of lease agreements.</p>	BPL	Resolved Active	<p>The response expressed concurrence with the recommendation and stated that DPL will ask respective lessees to clarify the proper interpretation of certain rental provisions of the lease agreement/permits on material subject to royalty or gross receipts rent, as well as other errors committed in the computations of rentals.</p> <p>OPA was provided with a September 15, 2000 letter to quarry operator E evidencing communication made by DPL with quarry operator E on the audit finding on their</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. The Board of Public Lands should require the DPL Director to require lessees to submit a certification of no quarry operations during periods when they claim no quarry operations. This should be signed by an official of the quarry operator and should indicate the reason for non-operation.	BPL	Open Active	<p>quarry operations. Another quarry operator, quarry operator H, fully paid its amount due to DPL, so there is no need to send them a letter. We consider the part of the recommendation pertaining to quarry operator E and quarry operator H closed.</p> <p>Further Action Needed</p> <p>Provide OPA copies of documents evidencing communications made with the remaining lessees, i.e., quarry operator F and quarry operator G.</p>
8. The Board of Public Lands should require the DPL Director to develop and implement written policies and procedures to ensure that all quarry operators who remain in possession of the leased area are holding valid quarry permits. Include in the policies and procedures to be developed the monitoring of contract renewals.	BPL	Open Active	<p>The response did not address the recommendations.</p> <p>Further Action Needed</p> <p>Provide OPA a copy of the written policies and procedures on the certification requirement when lessees claim no quarry operations, and on contract renewal monitoring.</p>
9. The Board of Public Lands should require the DPL Director to amend the conditions for quarry lease agreements/permits to include (and include in future agreements/permits) a provision that any government agency will be exempt from paying any cost for material extracted from a government-owned quarry site because the sites are government properties and the lessees/permit holders are making substantial profits in their quarry operations. In return, the lessee should be exempt from paying a royalty for the quantity of	BPL	Open Active	<p>The response did not address the recommendations.</p> <p>Further Action Needed</p> <p>Provide OPA a copy of the written policies and procedures on the certification requirement when lessees claim no quarry operations, and on contract renewal monitoring.</p>
9. The Board of Public Lands should require the DPL Director to amend the conditions for quarry lease agreements/permits to include (and include in future agreements/permits) a provision that any government agency will be exempt from paying any cost for material extracted from a government-owned quarry site because the sites are government properties and the lessees/permit holders are making substantial profits in their quarry operations. In return, the lessee should be exempt from paying a royalty for the quantity of	BPL	Open Active	<p>The response expressed concurrence with the recommendation, and stated that DPL will consider adding in its future quarry lease agreements/permits a provision that exempts any government agency from paying any cost/fee for material extractions from a designated government quarry site. Further consideration will be given to exempting quarry operators from paying royalty fees for any quantity of quarry materials taken by government agencies from quarry sites, more specifically if the extractions are for public purposes.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>material quarried by a government agency. The suggested provision can help reduce CNMI government costs.</p>			<p><i>Further Action Needed</i></p> <p>Provide OPA a copy of sample quarry lease agreements/permits including the recommended provision.</p>

Public School System

I. Report No. AR-97-03 issued March 10, 1997

Travel of Former Recreational Therapist/Adaptive Physical Education Specialist

Date(s) of followup letter(s) sent : 7/16/97, 2/02/98, 9/21/98, 11/26/99, 7/11/00, 1/15/01

Date(s) of response letter(s) received : 2/16/01 (request for extension until 3/5/01)

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.

2. Report No. LT-98-14 issued December 23, 1998

Follow-up Audit of Marianas High School Student Funds August 1991 to September 1992

Date(s) of followup letter(s) sent : 11/26/99, 7/11/00, 1/15/01

Date(s) of response letter(s) received : 2/16/01 (request for extension until 3/5/01)

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

**3. Report No. AR-99-01 issued January 5, 1999
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, 7/11/00, 1/15/01
Date(s) of response letter(s) received : 2/16/01 (request for extension until 3/5/01)

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 of \$10,959.65 for which they are determined to be accountable. If the former custodians refuse to pay back the funds, the matter should be referred to the AGO to enforce collection.	PSS	Resolved Delinquent	The Commissioner in her letter to OPA stated that the PSS Legal Counsel would take immediate action to recover the funds. <i>Further Action Needed</i> 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.

**4. Report No. LT-00-07 issued August 30, 2000
Public School System
Audit of Property and Equipment of Hopwood Junior High School
February to June 1999**

Date(s) of followup letter(s) sent : 1/15/01
Date(s) of response letter(s) received : 2/16/01 (request for extension until 3/5/01)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Commissioner of Education should enforce compliance with the CNMI property management and accountability policy without exception. The Commissioner should	PSS	Resolved Active	PSS will comply with the recommendation. It will maintain subsidiary ledgers for all schools (public and private), and a master list will be kept by the Procurement Office. PSS will also reconcile the inventory taken with

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
ensure that a physical inventory of the fixed assets of PSS is taken annually, and inventories should be reconciled against recorded balances.	PSS	Open Active	the master list and any discrepancy will be reported to the school principals and program managers. Additionally, PSS has conducted an annual inventory for FY 2000 for all schools. <i>Further Action Needed</i> PSS should provide OPA a copy of the reconciliation made against recorded balances.
2. The Commissioner of Education should direct the PSS Procurement Officer to develop additional policies and procedures suitable to the needs and requirements of PSS operations. These policies and procedures should include, among other things, a system of accountability in which the Principal or Program Head is made responsible for all property issued to the facility. In addition, the system of tagging and marking items needs to be improved in order to insure that all property is identified and accounted for.	PSS	Open Active	No action has been taken to address the recommendation. PSS should consider and implement the recommendation.
3. The Commissioner of Education should direct the PSS Maintenance Office to install additional security (e.g., deadbolt locks and security cameras or other security measures as needed and practical) at all PSS schools.	PSS	Open Active	No action has been taken to address the recommendation. PSS should consider and implement the recommendation.

**5. Report No. AR-00-05 issued December 14, 2000
Public School System
Audit of the Marianas High School Food Court
Covering School Year 1998-1999**

Date(s) of followup letter(s) sent : 1/15/01 (PSS), 1/19/01 (DOF)
Date(s) of response letter(s) received : 2/16/01 (PSS request for extension until 3/5/01), 2/16/01(DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Commissioner of Education issue a directive immediately disallowing the use of the Trust Fund to pay the vendors of the Food Court. If PSS wants to continue with the operations of the Food Court, it should use other funds for that purpose or seek to have the Pachinko Law amended to authorize continued use of the Trust Fund for the operations of the Food Court.</p>	PSS	Resolved Active	<p>The Commissioner stated that for SY 2000-2001, the MHS Food Court is Federally funded pursuant to the Nutrition Assistance Grant.</p> <p>Further Action Needed</p> <p>The Commissioner should provide documentation such as a directive or any document showing that PSS has ceased to use the Trust Fund to pay the vendors of the Food Court.</p>
<p>2. <i>Original:</i> The Secretary of Finance recover from PSS the \$369,866 that was paid from the Trust Fund for the operation of the MHS Food Court. Repayment can be made by offsetting this unlawful payment against future fund allocations for PSS. Any repayment from PSS should be restored to the Trust Fund for possible re-appropriation.</p> <p><i>As Redirected to PSS:</i> The PSS Commissioner should take steps to reserve the funds in their books back to the Trust Fund and ensure its use for the proper purpose.</p>	DOF - Redirected to PSS	Resolved Active	<p>In her 2/16/01 response, the Secretary of Finance asked that this recommendation be redirected to PSS because the funds in question were already transferred to PSS by DOF when the alleged inappropriate expenditure occurred. It is the opinion of DOF that since the funds were properly received, PSS should just reserve the funds for its proper purpose rather than DOF withholding current appropriations only to retransfer the funds at a later date.</p> <p>Further Action Needed</p> <p>The PSS Commissioner should provide documentation that the \$369,866 has been reserved in its books.</p>
<p>3. The Commissioner of Education instruct the PSS Legal Counsel to determine the extent of the MHS Principal's liability for his role in the violation of the Planning and Budgeting Act and the BOE Policy on fundraising.</p>	PSS	Open Active	<p>The Commissioner stated that the provisions of the Planning and Budgeting Act (PBA), specifically 1 CMC §7402 and §7701, are not applicable.</p> <p>PSS, as a component of the Commonwealth Government, should abide by the PBA. BOE Policy 701.4(a) even states that it is the intention of the BOE to comply with the provisions of any and all applicable laws that are related to the preparation and</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. The Commissioner of Education issue a memorandum instructing the MHS Principal to stop using the proceeds from the sale of reduced-price meals to pay for non-Food Court expenses. These collections should first be used only to pay obligations of the Food Court.	PSS	Open Active	presentation of budgets and the budgeting process. Mentioned among the applicable laws was PBA. <i>Further Action Needed</i> The Commissioner should reconsider her position on this matter. Accordingly, the Commissioner should instruct the PSS Legal Counsel to determine the extent of the MHS Principal's liability for his role in the violation of the PBA and the BOE Policy on fundraising and provide OPA a copy of this determination.
			The Commissioner stated that profit from the MHS Food Court were used in accordance with BOE policy and that funds have not been used as fundraising until the payment of vendors had been made. Profits from the MHS Food Court were not used in accordance with BOE policy. Since the Trust Fund should not have been used for the MHS Food Court, only those proceeds from the sale of reduced-price meals appear to be a legitimate source of funds for the MHS Food Court. Since the amount collected from paying students is not even enough to cover the actual cost of the meals, all collections from the students should have been dedicated solely to the payment of Food Court obligations (instead of using these collections for non-Food Court expenses). <i>Further Action Needed</i> The Commissioner of Education should reconsider her position on this matter. Accordingly, the Commissioner should issue a memorandum instructing the MHS Principal to stop using the proceeds from the sale of reduced-price meals to pay for non-Food Court expenses. These collections should first be used to pay obligations of the Food Court.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>5. The Commissioner of Education issue a memorandum requiring the MHS Principal to refer all Food Court procurement to the PSS Procurement Office, and refrain from conducting procurement actions for goods and services needed by the Food Court.</p>	PSS	Resolved Active	<p>The Commissioner of Education stated that the Procurement Officer and MHS are now working together under the PSS procurement regulations and the MOU between PSS/FNS and MHS.</p> <p>Further Action Needed</p> <p>The Commissioner of Education should provide OPA with documentation such as a memorandum requiring the MHS Principal to refer all Food Court procurement to the PSS Procurement Office and to refrain from conducting procurement actions for goods and services needed by the Food Court in the future.</p>
<p>6. The Commissioner of Education consider enforcing employment sanctions against the Food Court Custodian for violating the ethics provision of the PSSPR.</p>	PSS	Open Active	<p>The Commissioner of Education dismissed the violations as mere questions of clarification rather than purposeful failure to abide by the PSSPR.</p> <p>To maintain the integrity of the PSS's procurement process, we believe that appropriate employment sanctions should be enforced.</p> <p>Further Action Needed</p> <p>The Commissioner of Education should reconsider her position on this matter. Accordingly, the Commissioner should consider enforcing employment sanctions against the Food Court Custodian for violating the ethics provision of the PSSPR.</p>
<p>7. The Commissioner of Education instruct the PSS Legal Counsel to determine the extent of personal liability of the MHS Principal and MHS Food Court Custodian for their roles in the violation of key provisions of the PSSPR.</p>	PSS	Open Active	<p>The Commissioner of Education dismissed the violations as mere questions of clarification than purposeful failure to abide by the PSSPR.</p> <p>Further Action Needed</p> <p>The Commissioner of Education should reconsider her position on this matter. Accordingly, the Commissioner should instruct the PSS Legal Counsel to determine the extent of personal liability of the MHS Principal and MHS Food Court Custodian for their roles in the violation of key provisions of the PSSPR.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
8. The Commissioner of Education require the MHS Principal, in coordination with the PSS Fiscal and Budget Officer, to establish internal controls and written policies and procedures for the accounting of cash receipts at the Food Court.	PSS	Resolved Active	Although she did not directly concur with the recommendation, the Commissioner on November 2, 2000 issued a memorandum to the MHS Principal directing that an accountability form be used in the accounting of cash receipts. The memorandum also directed the MHS Principal to transmit cash collections of the MHS Food Court to the PSS Treasury for deposit. <i>Further Action Needed</i> The Commissioner should provide evidence of actual implementation (such as copies of the accountability forms prepared by MHS and official receipts evidencing that MHS submits the collections to the PSS Treasury).

**6. Public School System
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, 7/6/00, 7/11/00, 1/15/01
Date(s) of response letter(s) received : 2/16/01

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 Delinquent	Provide OPA with personnel and procedural changes, as stated in auditee response.
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.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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	Resolved Active (Outstanding since FY1995 Single Audit)	According to the PSS Commissioner, records are kept on file for five years after which applications are boxed, numbered and stored at the program facility. Further Action Needed Provide OPA copy of filing policies and procedures adopted to ensure appropriate records retention.
6. PSS should ensure that the School Food Authority maintain accurate meal counts and records.	PSS	Resolved Active (Outstanding since FY1995 Single Audit)	According to the PSS Commissioner, food production was privatized. However, meal counts and records are kept on file for five years, after which applications are boxed, numbered and stored at the program facility. Further Action Needed Provide OPA copy of filing policies and procedures adopted to ensure appropriate records 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	Closed	According to the PSS Commissioner, this has been corrected by transferring this function from the Fiscal and Budget office to the Federal Programs office beginning State Year 1998.
9. PSS should maintain and adhere to a schedule of Federal reporting deadlines.	PSS	Resolved Active	PSS responded that they will develop standard operating procedures to correct the deficiency. The Federal Program office currently coordinates the plan of operations with and between the Food Service staff and the Commissioner's office.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<i>Further Action Needed</i>
			Provide OPA copy of the standard operating procedures developed as stated in the auditee response.
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	Closed	According to the PSS Commissioner, this has been corrected by transferring this function from the Fiscal and Budget office to the Federal Programs office beginning State Year 1998.
11. PSS should maintain and adhere to a schedule of reporting deadlines.	PSS	Closed	According to the PSS Commissioner, this has been corrected by transferring this function from the Fiscal and Budget office to the Federal Programs office beginning State Year 1998.
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	Resolved Active (Outstanding since FY1995 Single Audit)	Beginning State year 1998, PSS reconciles its records versus reports to the grantor agency.
			<i>Further Action Needed</i>
			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	Closed	According to the PSS Commissioner, this has been corrected by transferring this function from the Fiscal and Budget office to the Federal Programs office beginning State Year 1998.
15. PSS should reconcile records for all amounts reported to the grantor agency.	PSS	Closed	According to the PSS Commissioner, this has been corrected by transferring this function from the Fiscal and Budget office to the Federal Programs office beginning State Year 1998.
16. PSS should prepare and retain all required Federal financial reports.	PSS	Open Delinquent	Provide OPA with action taken to retain documentation that shows compliance with established Federal reporting procedures.

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

**7. 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, 7/11/00, 1/15/01
Date(s) of response letter(s) received : 2/16/01

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	Resolved Active (Outstanding since FY1995 Single Audit)	According to PSS, monthly and quarterly reports are maintained on the actual expenditures versus appropriation based on their 132-P (detail business unit) and Fund Summary and fund transfers from CNMI for both personnel and operational funding. From this report, a reconciliation statement is made based on CNMI's schedule on Bank Transfers Analysis versus total bank transfers from CNMI. <i>Further Action Needed</i> Provide OPA copy of appropriate reconciliation procedures between PSS and the CNMI.
2. PSS should implement procedures to ensure appropriate file maintenance.	PSS	Resolved Active (Outstanding since FY1995 Single Audit)	According to PSS, they have changed their filing system from Accounts Payable Vouchers in numerical sequence to individual vendors in alphabetical manner. This will be examined by their internal auditor to check completeness, validity and propriety of the supporting documents. <i>Further Action Needed</i> Provide OPA copy of procedures adopted for appropriate file maintenance.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. PSS should ensure adherence to the documented Procurement Rules and Regulations.	PSS	Open Delinquent	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 Delinquent	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	Closed	PSS provided OPA with a copy of their bank reconciliation and bank statement as of 9/30/96 showing that the \$300 was actually a deposit in transit posted and entered by the bank on 10/3/96.
8. PSS should improve internal controls over inventory by using pre-numbered receiving reports and inventory issuance slips, and maintaining subsidiary ledgers or stock cards to facilitate reconciliation of year end inventory balances.	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.
9. PSS should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments.	PSS	Resolved Active (Outstanding since FY1995 Single Audit)	According to the PSS Commissioner, subsidiary ledgers were maintained for all the schools. Further Action Needed 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 Delinquent	Provide OPA with reconciliations between subsidiary ledgers and the general fund on a monthly basis, as stated in auditee response.

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

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

Date(s) of followup letter(s) sent : 10/27/94, 11/18/94, 1/13/95, 7/6/95, 7/1/96, 12/2/96, 2/02/98, 9/18/98, 11/29/99, 7/11/00, 1/18/01
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	Closed	This recommendation has been overtaken by events. We therefore consider it closed.
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	Closed	This recommendation has been overtaken by events. We therefore consider it closed.
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. <i>Further Action Needed</i> 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 Commission should not allow a traveler to authorize his own travel.	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. <i>Further Action Needed</i> 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 financial statements, 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.

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

Date(s) of followup letter(s) sent : 1/5/2000 (AGO), 7/12/00 (AGO), 1/17/01 (AGO)
Date(s) of response letter(s) received : 4/9/99 (TMO), 1/20/2000 (AGO), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>As Redirected to AGO</i> - Institute legal action to declare the Consulting Service Agreement between TCGCC and the consultant null and void, and to recover all amounts paid by TCGCC to the consultant and the consultant's son.</p> <p><i>Original</i> - The Mayor of Tinian and Aguiguan should request the Attorney General to institute an action to declare the Consulting Service Agreement between TCGCC and the consultant null and void, and to recover all amounts paid by TCGCC to the consultant and the consultant's son.</p>	AGO	Resolved Active	<p>In his 3/9/01 response, the Acting Attorney General informed OPA that there is an ongoing investigation related to the facts and circumstances of this matter.</p> <p>Further Action Needed</p> <p>The status of the ongoing investigation is requested to be provided by the AGO.</p>

Workmen's Compensation Commission

**I. CNMI Workmen's Compensation Commission
 Independent Auditor's Report on Compliance and Internal Control
 Over Financial Reporting Based on an Audit of Financial Statements
 Performed in Accordance with Government Auditing Standards
 Year Ended September 30, 1999**

Date(s) of followup letter(s) sent : 1/23/01
 Date(s) of response letter(s) received : 2/18/01

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Workmen's Compensation Commission (WCC) personnel should follow the established procurement regulations and obtain three price quotations for all purchases over \$2,500.	WCC	Closed	In his 2/18/01 response, the WCC Administrator provided us three quotations which showed that the off-island manufacturer provided the best combination of prices and features. However, we noticed that the quotations obtained from the two local manufacturers were dated after the date of the purchase of the computer in January 1999. It appears that WCC already purchased the computer off-island and obtained quotations from on-island manufacturers to show that off-island manufacturers still offers the lowest price. We consider the recommendation closed but we would like to remind WCC to obtain quotations prior to purchase of equipment in compliance with the Procurement Regulations.

Washington Representative's Office

Washington Representative's Office

**I. 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, 7/11/00, 1/24/01
 Date(s) of response letter(s) received : 10/6/99

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or 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	Closed	Based on current practices, employment contracts at WRO cover only one year, and repatriation benefits apply only if the employee's contract is not renewed. No repatriation benefits accrue if the employment contract is extended beyond the initial year. The alternative action taken by WRO is acceptable. We, therefore, consider the recommendation closed.
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 cost of housing, and informing employees that they will be	WRO	Resolved Active	Based on OPA's ongoing audit of WRO, this recommendation has not yet been implemented. However, this matter is under review to determine if there is a need to modify or totally revise the recommendation.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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 Active	<p>On 10/6/99, we were provided documents for the \$1,080.25 employee loan 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.</p> <p>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.</p> <p>On January 26, 2001, we inquired with DOF as to the status of collections of the above receivables. According to the Payroll Supervisor, the balance of \$50.25 can no longer be collected through payroll deduction because the employee no longer works for the CNMI government. Of the \$2,500 in loan, \$300 has already been collected leaving a balance of \$2,200.</p>

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

WRO should inform OPA of their plan of action if they still intend to collect the \$50.25 balance of the employee loan through other means such as sending the employee a bill of collection.

WRO should also provide OPA copies of documents evidencing receipt of payment by WRO of the balance of \$2,200 for the other employees loan until fully collected.

APPENDIX A**Acronym Used**

AAG	Assistant Attorney General
AGO	Office of the Attorney General
AR	Audit Report
AWOL	Absence Without Leave
BMV	Bureau of Motor Vehicles
BOE	Board of Education
BOELEC	Board of Election
BPL	Board of Public Lands
CAO	Carolinian Affairs Office
CDA	Commonwealth Development Authority
CFDA	Catalogue of Federal Domestic Assistance
CFR	Code of Federal Regulations
CGECU	Commonwealth Government Employees Credit Union
CHC	Commonwealth Health Center
CIP	Capital Improvement Projects
CJIS	Criminal Justice Information System
CMS	Construction Materials & Supply
CNMI	Commonwealth of the Northern Mariana Islands
CNMI-PR	Commonwealth of the Northern Mariana Islands - Procurement Regulations
CPA	Commonwealth Ports Authority
CSC	Civil Service Commission
CUC	Commonwealth Utilities Corporation
DCCA	Department of Community and Cultural Affairs
DDC	Developmental Disabilities Council
DFW	Division of Fish and Wildlife
DLI	Department of Labor and Immigration
DLNR	Department of Lands & Natural Resources
DOC	Department of Commerce
DOF	Department of Finance
DOI	US Department of the Interior
DPH	Department of Public Health
DPL	Division of Public Lands
DPS	Department of Public Safety
DPW	Department of Public Works
DTA	Daily Time and Attendance
EDP	Electronic & Data Processing
EMO	Emergency Management Office
FAR	Federal Acquisition Regulations
FASB	Financial Accounting Standards Board
FLSA	Fair Labor Standards Act
FMS	Financial Management System

FNS	Food and Nutrition Services
FS	Financial Statements
FTE	Full Time Employment
FY	Fiscal Year
GOV	Office of the Governor
HCFA	Health Care Financing Administration
HOUSEREP	House of Representatives
HRDTF	Human Resources Development Trust Fund
HUD	Housing and Urban Development
ID	Identification
LEGBUREAU	Legislative Bureau
LIBCOUNCIL	Library Council
LT	Letter Report
ME	Management Evaluation
M/HLO	Marianas/Hawaii Liaison Office
MHS	Marianas High School
MOU	Memorandum of Understanding
MPLC	Marianas Public Land Corporation
MPLT	Marianas Public Land Trust
MRO	Medical Referral Office
MTDC	Marianas Trading and Development Corporation
MVA	Marianas Visitors Authority
NAP	Nutrition Assistance Program
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
OMB	Office of Management and Budget
OPA	Office of the Public Auditor
OPL	Office of Public Lands
OPM	Office of Personnel Management
OR	Official Receipt
PBA	Planning and Budgeting Act
PDO	Public Defender's Office
P&S	Procurement & Supply
PIEI	Pacific Islands Education Initiative
PL	Public Law
PSPSRR	Public School Personnel System Rules and Regulations
PSSPR	Public School System Procurement Regulations
PSSRJ	Personnel Service System Regulations Judiciary
PSSRR	Personnel Service System Rules and Regulations
PSS	Public School System
RFP	Request for Proposals
RHC	Rota Health Center
RMC	Rota Municipal Council

RMO	Rota Mayor's 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
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
UTR	Unposted Transaction Reports
WASHREP	Washington Representative
WCC	Workmen's Compensation Commission
WRO	Washington Representative's Office
WSR	William S. Reyes

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