
Public Auditor's Message

To the Interagency Audit Coordinating Advisory Group

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

In 1994, the Office of the Public Auditor (OPA) implemented an audit recommendation tracking system to ensure that recommendations in audit reports issued by OPA and private CPA firms are implemented rather than being forgotten and ignored.

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

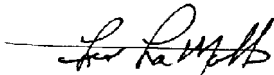
From January 1996 to June 1997, OPA completed 31 audits of various departments and agencies of the Commonwealth Government. Of the 31 completed audits, 18 were issued as full audit reports and 13 were issued as letter reports. Copies of these reports were provided to the members of the Interagency Audit Coordinating Advisory Group at the time of release.

The Office tracked 155 audit recommendations made in the 31 final reports issued. Of the 155 audit recommendations, 55 are closed and 100 are either open or resolved. In addition, 90 recommendations from 1995 and 1994 audits remained either open or resolved for a total of 245 OPA recommendations currently being tracked. Of the 190 open or resolved recommendations, 35 are considered delinquent, 33 of which were outstanding since our last report to the Coordinating Group.

We have also included in the tracking system, recommendations issued by private CPA firms. In 1996, CPA firms completed and issued audit reports on 11 financial and compliance audits. For these audits, the CPA firms made 84 recommendations, 40 of which are closed and 44 are either open or resolved. Of the 44 open or resolved recommendations, 43 are considered delinquent.

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

Implementation of audit recommendations has improved in 1996 and the first half of 1997. The number of delinquent recommendations has been reduced from last year's 62 to this year's 35 in OPA audit reports and from last year's 51 to this year's 43 in private CPA firm audit reports. We believe, however, that the designation of an official from the Governor's Office to pursue the closure of open and resolved recommendations will result in even better implementation of audit recommendations.

A handwritten signature in black ink, appearing to read "Leo L. LaMotte". The signature is written in a cursive style with a long horizontal stroke extending to the left.

Leo L. LaMotte
CNMI Public Auditor

August 11, 1997

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Executive Branch Offices

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

Office of the Governor

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

Date(s) of followup letter(s) sent : 7/09/97
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
2. The Liaison Officer should coordinate with the Secretary of Public Health to develop and implement written policies and procedures on ticket upgrades, hotel accommodations, and funeral services.	M/HLO and DPH	Resolved Active	The Liaison Officer stated that on (1) ticket upgrade, DPH should amend the newly adopted Medical Referral policy on transportation costs to authorize upgrade through doctor's recommendation with concurrence of the Medical Referral Office; (2) hotel accommodations, consultation with the Secretary of Public Health has been made; and (3) funeral services, the authority on this matter rests with the Secretary of Public Health; the Liaison Officer, however, supports a written guideline disallowing payment for all funeral services or limiting it to embalming and shipping only. The Liaison Officer provided the Secretary of Public of Health a copy of his letter response to OPA.
OPA Comment			
The Secretary of Public Health should provide OPA with a copy of the written policies and procedures on ticket upgrades, hotel accommodations, and funeral services.			
4. The Liaison Officer should investigate and, if necessary, take steps to recover the amounts reimbursed without adequate supporting documents from the responsible officials and employees. Any action taken in this regard should be written and documented.	M/HLO	Resolved Active	The Liaison Officer responded that the authority on investigating this matter rests with DOF and the Attorney General's Office. M/HLO will consult these offices to pursue this matter.
OPA Comment			
The Liaison Officer should provide OPA with a copy of their referral letter to AGO and, subsequently, advise OPA of the results of AGO's actions.			
5. The Secretary of Finance should develop and implement written policies and procedures which require that all travel and related extensions be supported by	DOF	Resolved Active	The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997 memorandum directing the Director of Finance & Accounting to

Recommendation	Agency to Act	Status	Action Required
specific itineraries and covering dates.			develop written policies and procedures requiring travel and related extensions to be supported by specific itineraries and dates. OPA Comment The Secretary of Finance should provide OPA with a copy of these policies and procedures.
6. The Secretary of Finance should issue a directive to the DOF-Travel Section to identify all long- outstanding travel advances granted by M/HLO to government officials and employees, and initiate collections through salary deductions.	DOF	Resolved Active	The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997 memorandum directing the Director of Finance & Accounting to identify all long-outstanding travel advances granted by M/HLO to government officials and employees and initiate collections through salary deductions. OPA Comment The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.
7. The Secretary of Finance should instruct the DOF-Travel Section to follow up collection of excess travel advances from the two non-government employees. Written policies and procedures regarding follow up and collection of long- outstanding advances from non-government employees should also be developed and implemented.	DOF	Resolved Active	The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997 memorandum directing the Director of Finance & Accounting to follow up collection of excess travel advances from the two non-government employees, and develop written policies and procedures regarding follow up and collection of long-outstanding advances from non-government employees. OPA Comment The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.
10. The Secretary of Finance should develop and implement an accounts receivable subsidiary ledger system that can readily provide the status (<i>i.e.</i> , current or past-due) and outstanding balances of amounts owed by individuals.	DOF	Resolved Active	The Secretary of Finance stated that DOF is currently in the process of installing a new financial management system that includes an automated accounts receivable subsidiary module. The system should be installed and in use by October 1, 1997. The system is also expected to enable maintaining detailed accounts receivable balances, as well as automating the billing and posting process. OPA Comment

Recommendation	Agency to Act	Status	Action Required
<p>11. The Secretary of Finance should assign a DOF staff member to verify the status of receivables from two families for funeral expenses amounting to \$2,183 and \$3,316, respectively, and pursue collection if still outstanding.</p>	DOF	Resolved Active	<p>The Secretary of Finance should notify OPA when the new financial management system is already operational and provide OPA a copy of the manual describing the automated accounts receivable subsidiary module.</p> <p>The Secretary of Finance concurred with the recommendation, and provided us a copy of his January 29, 1997 memorandum directing the Director of Finance & Accounting to assign a staff member to follow up on the specific receivables noted in the report.</p>
			OPA Comment
			<p>The Secretary of Finance should provide OPA with the results of Finance & Accounting's actions.</p>
<p>12. The Secretary of Finance should establish written policies and procedures to resolve and adjust bank reconciling items in a timely manner.</p>	DOF	Resolved Active	<p>The Secretary of Finance concurred with the recommendation and stated that the conditions noted in the audit had already been corrected. There is an on going project to document all DOF policies and procedures, and the Reconciliation Section is to be included. A copy will be provided to OPA when completed.</p>
			OPA Comment
			<p>The Secretary of Finance should provide OPA with the copy of these policies and procedures.</p>
<p>13. The Secretary of Finance should instruct the DOF - Reconciliation Branch and the appropriate DOF division/section (<i>i.e.</i>, Treasury and Accounts Payable) to coordinate and take action to facilitate the adjustment of the outstanding reconciling items in the M/HLO operations and medical referral imprest fund bank accounts. Also, investigate the status of the \$1,000 insufficient funds check of Pan Korea Enterprises and pursue collection, if necessary.</p>	DOF	Resolved Active	<p>The Secretary of Finance responded that various DOF divisions are coordinating their efforts to facilitate resolution of bank reconciliation adjustments. The Reconciliation Section will investigate the status of the Pan Korea Enterprises returned check; however, since this item is long-outstanding, DOF's ability to determine its status and seek remedy may be limited.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with the results of Reconciliation Section's actions.</p>

Recommendation	Agency to Act	Status	Action Required
<p>14. The Secretary of Finance and the Liaison Officer should contact IRS in writing to discuss and resolve concerns on (a) nonwithholding of federal employment taxes on housing allowance paid to M/HLO employees from January 1990 to April 1994, (b) nonwithholding of employees' share and nonpayment of both employees' and employer's share of Medicare taxes from January 1990 to June 1992, and (c) nonpayment of Federal Unemployment Tax from 1990 to 1993.</p>	<p>DOF and M/HLO</p>	<p>Resolved Active</p>	<p>The Secretary of Finance and the Liaison Officer concurred with the recommendation. The Liaison Officer has provided the Secretary of Finance with the details of payments made to M/HLO employees during the period in question. The Secretary's Office, with the assistance of the Director of Revenue & Taxation, will use the information to formulate a written request to the IRS for a determination of any potential liabilities.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of the letter to IRS.</p>
<p>15. The Secretary of Finance and the Liaison Officer should contact the State of Hawaii's Department of Taxation in writing to discuss and resolve concerns on nonwithholding of state employment taxes from the housing allowances of M/HLO employees from January 1990 to April 1994, and the salaries and benefits of the M/HLO liaison officer from 1990 to 1994.</p>	<p>DOF and M/HLO</p>	<p>Resolved Active</p>	<p>The Secretary of Finance and the Liaison Officer concurred with the recommendation. The Liaison Officer has provided the Secretary of Finance with the details of payments made to M/HLO employees during the period in question. The Secretary's Office, with the assistance of the Director of Revenue & Taxation, will use the information to formulate a written request to the State of Hawaii's Department of Taxation for a determination of any potential liabilities.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of the letter to the State of Hawaii's Department of Taxation.</p>

Department of Commerce

1. Report No. AR-95-22 issued December 11, 1995
Marianas Visitors Bureau
Audit of Settlement Agreement Between the Former Managing Director
and the Executive Committee Members

Date(s) of followup letter(s) sent : 3/7/96, 11/29/96, 12/3/96
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
1. The MVB Managing Director should include a provision in employment contracts that any Board-appointed employee serves at the pleasure of the Board and may be terminated by the Board, such as in a sixty-day termination clause.	MVB	Resolved Active	The Managing Director responded that the MVB Board will consider our recommendation, provided however, that it is not in conflict with Executive Order 94-3 or other CNMI laws. She also stated that the MVB Board has already authorized its Managing Director and Legal Counsel to commence a review of all existing employment contracts of MVB, and to implement, when and where possible, the recommendation concerning the termination clause.
OPA Comment			
The MVB Board should provide OPA a copy of the directive or memorandum authorizing its Managing Director and Legal Counsel to review all the existing employment contracts of MVB, and the results of the review.			
2. The MVB Managing Director should coordinate with the Attorney General's Office to recover the amount of \$151,180, consisting of \$81,180 paid to the former Managing Director representing damages for loss of reputation, pain and suffering and \$70,000 for loss of wages for 1995 as a result of the extension of her contract through 1996.	MVB	Resolved Active	The Managing Director responded that the MVB Board has authorized its Managing Director and Legal Counsel to coordinate recovery of the funds with the Attorney General's Office after receiving the final audit report from OPA.
OPA Comment			
The MVB Board should provide a copy of the directive or memorandum authorizing its Managing Director and Legal Counsel to coordinate recovery of the funds with the Attorney General's Office, and the results of actions taken.			

2. Marianas Visitors Bureau

**Independent Auditor's Report on the Internal Control Structure
in Accordance with Government Auditing Standards
Year Ended September 30, 1994**

Date(s) of followup letter(s) sent : 7/18/95,9/7/95,11/19/96 (telephone follow-up)

Date(s) of response letter(s) received : 7/27/95,11/21/96

Recommendation	Agency to Act	Status	Action Required
1. The MVB Managing Director should take steps to automate the accounting function to gain efficiency.	MVB	Resolved Active	Provide copy of plan of actions to be taken for automating the accounting functions. According to Ms. Lucy Nielsen, Controller, automation will be done in Fiscal Year '97 and she will document this in writing.

Department of Community and Cultural Affairs

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

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

Recommendation	Agency to Act	Status	Action Required
1. The Executive Assistant for Carolinian Affairs should publish the policy in the Commonwealth Register and file with the Registrar of Corporations and the Governor.	CAO	Resolved Active	Provide copy of the policy published in the Commonwealth Register and file with the Registrar of Corporation and the Governor.
2. The Executive Assistant for Carolinian Affairs should coordinate with the Secretary of Finance to develop and implement written policies and procedures over collection and disbursement of user fees. The policies and procedures should describe the circumstances when collections should be deposited in a bank and the purposes for which disbursements can be made and ensure that payments are authorized in advance.	CAO	Resolved Active	Provide copy of the written policies and procedures over collection and disbursement and a copy of the memorandum directing implementation.
3. The Executive Assistant for Carolinian Affairs should meet with and recover from the Overall Chairman former Executive Assistant, and former Custodian the \$1,035 cash shortage since all were responsible for the collection.	CAO	Open Active	Provide copy of proof of payment of the \$1,035 cash shortage.
4. The Executive Assistant for Carolinian Affairs should require the Overall Chairman to request the sellers to return unsold tickets and explain in writing the disposition of any missing tickets. The Overall Chairman should then compile a report accounting for all printed tickets. The report should be kept available at CAO for review by all interested parties.	CAO	Open Active	Provide copy of sellers' written responses and the Overall Chairman's report accounting for all printed tickets.

Recommendation	Agency to Act	Status	Action Required
5. The Executive Assistant for Carolinian Affairs should refund tickets sold and cash donations received from donors. For in-kind donations, send letter to donors explaining its use. Furthermore, dispose of in-kind donations deemed unfit for human consumption.	CAO	Open Active	Provide copy of proof of refunds and returns of ticket costs and donations received.

2. Report No. LT-97-01 issued January 23, 1997

Office of Aging

Missing Collections for the ManAmko Fund Raising Project Organized Through the Office of Aging

Date(s) of followup letter(s) sent : 2/7/97, 3/13/97, 7/22/97

Date(s) of response letter(s) received : 1/23/97, 1/28/97, 2/13/97, 3/17/97, 3/21/97

Recommendation	Agency to Act	Status	Action Required
3. The Director of Aging should require the Program Activity Coordinator to make restitution of the \$4,000 admittedly taken from the ticket sales of ManAmko.	AGING	Resolved Active	Provide OPA a copy of the bi-weekly remittance of allotment report and the CNMI Treasury official receipt until stolen funds are fully collected by September 30, 1997.

3. Report No. LT-97-04 issued May 8, 1997

Office of Aging

Audit and Investigation of Reported Missing Equipment

Date(s) of followup letter(s) sent : 7/16/97

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

Recommendation	Agency to Act	Status	Action Required
1. The Secretary of Community and Cultural Affairs should review the facts of the case for the purpose of determining if a personnel action against the Director of Office of Aging is warranted.	DCCA	Resolved Active	Provide OPA a copy of an action taken against the Director of Office of Aging upon resolution of the upcoming court proceedings.
2. The Secretary of Finance should instruct the Survey Officer to investigate the circumstance surrounding the lost property and report his findings and make recommendations for establishing the possibility of personal liability for the missing property.	DOF	Resolved Active	Provide OPA a copy of the recommendation of the Survey Officer as to: (1) who is the accountable person, (2) how much is he liable for, and (3) how will the liability be settled. Also provide OPA a copy of the settlement with the accountable person.

Department of Labor and Immigration

1. Report No. AR-97-09 issued June 17, 1997
Audit and Investigation of Improper Procurement and Payment for Renovation of the Department of Labor and Immigration Detention Center

Date(s) of followup letter(s) sent : 7/16/97
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
1. The Governor should impose appropriate administrative sanctions against the SAA, the SAMB, the Secretary of DOLI, and the Secretary of DOF, for their failure to properly administer their responsibilities, for disregarding the CNMI Procurement Regulations, and for violating the Planning and Budgeting Act.	GOV	Resolved Active	In his letter response dated June 4, 1997, the Governor agreed with the findings and in his memoranda to the respective officials dated June 4, 1997, the Governor asked for explanations from the officials and whether these officials agreed with OPA's conclusions before imposing administrative sanctions (most likely a reprimand) OPA Comment The Governor should provide OPA with evidence of administrative sanctions taken against the SAA, the SAMB, the Secretary of DOLI, and the Secretary of DOF.

Department of Lands and Natural Resources

1. 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

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

Recommendation	Agency to Act	Status	Action Required
2. The Secretary of DLNR should issue a directive prohibiting employees from drawing gasoline for their personal cars at the Government gas station. Whenever the use of employees' personal cars is necessary, reimbursements should be based on the DOF-established mileage rate.	DLNR	Resolved Delinquent	The Secretary of DLNR responded that he had issued a memorandum to all DLNR Division Directors informing them that effective immediately, no private vehicles will be allowed to draw gasoline at the Government gas station. The Secretary of DLNR should provide OPA a copy of the directive.
4. The Secretary of DLNR should require the Director of Animal Health by directive to comply with the Imprest Fund Manual policies and procedures to control Animal Health revolving fund activities. The Director of Animal Health should consider (a) transferring the function of Certifying Officer to the Director, assigning another as Disbursing Officer since review and approval were performed by the Director, and assigning alternate staff members for all functions and (b) maintaining a separate cash box for each cashier for control purposes.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive requiring the Director of Animal Health to comply with the Imprest Fund Manual policies and procedures.
5. The Secretary of DLNR should require the Director of Animal Health by directive to comply with the Animal Quarantine Rules and Regulations. Animals entering the CNMI should be quarantined pending issuance of the entry permits.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive.
6. The Secretary of DLNR should evaluate the adequacy of the existing reporting requirements to be submitted by 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	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA with the results of the evaluation made and a copy of amendments made to the regulations, if any.

Recommendation	Agency to Act	Status	Action Required
requirements by amending the applicable provisions in the regulations.			
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 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.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the directive requiring Forestry Section to comply with the Forestry Resources Protection Regulations.
8. The Secretary of DLNR should develop and implement written policies and procedures to properly manage collections.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the written policies and procedures.
9. The Secretary of DLNR should develop and implement written policies and procedures to ensure proper maintenance of permit documents.	DLNR	Resolved Delinquent	The Secretary of DLNR should provide OPA a copy of the written policies and procedures.
10. The Secretary of DLNR should require by directive that the Administrative Officers of the DLNR Divisions become familiar with the DOF Chart of Accounts to ensure expenditures are charged to the proper accounts.	DLNR	Open Delinquent	The Secretary of DLNR should issue a directive requiring the Administrative Officers of the DLNR Divisions to become familiar with the DOF Chart of Accounts and provide OPA a copy of the directive.

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

Date(s) of followup letter(s) sent : Verbal followups made through the telephone, 11/29/96, 12/3/96
 Date(s) of response letter(s) received : 11/14/95, 6/27/96

Recommendation	Agency to Act	Status	Action Required
1. 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	DPL	Resolved Active	The Secretary of DLNR and the Director of DPL responded that they will advise the cardholders in writing of their intention to recover the amount of personal, unallowable, and unsupported credit card charges.

Recommendation	Agency to Act	Status	Action Required
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>OPA Comment</p> <p>The Secretary and the Director should provide OPA a copy of the letter, responses, and any actions by the Attorney General.</p> <p>On 11/14/95, OPA received a copy of letter responses to the audit findings from the former Executive Director of DPL. Actions by the Attorney General, however, are not received yet.</p>
2. The Secretary of DLNR should recover from the cardholders the amount of \$45,698.	DPL	Resolved Active	<p>The Secretary of DLNR and the Director of DPL responded that they will inform the cardholders/travelers in writing about DPL's intention to recover the amount of \$45,698 in double payment of travel expenses and overpaid per diem allowances.</p> <p>OPA Comment</p> <p>The Secretary and the Director should provide OPA a copy of the letter, responses, and any actions by the Attorney General.</p>
4. The Secretary of DLNR should review and evaluate whether charges for official representation expenses were properly chargeable to MPLC and recover improper charges from the former Executive Director.	DPL	Resolved Active	<p>The Director of DPL with the approval of the Secretary of DLNR, responded that she will evaluate the validity of official representation claimed by the former Executive Director and will inform the former Executive Director in writing of DPL's intention to recover any unjustified claims for official representation.</p> <p>OPA Comment</p> <p>The Secretary and the Director should provide OPA a copy of the results of evaluation made and if there were unjustified claims, a copy of the letter to the former Executive Director, responses, and any actions by the Attorney General.</p>
5. The Secretary of DLNR should develop and implement written policies and procedures that clearly indicate the circumstances where official representation expenses are allowed and the manner in which it should be documented to ensure that the expenses are reasonable and incurred in the best interest of the CNMI.	DPL	Resolved Active	<p>The Director of DPL, for approval by the Secretary of DLNR and the Governor, will develop written policies and procedures to define official representation and entertainment expenses and the authority and conditions governing the use of funds for these expenses.</p> <p>OPA Comment</p>

Recommendation	Agency to Act	Status	Action Required
<p>6. The Secretary of DLNR should instruct the current Comptroller to determine the correct balance of the travel advance account, and forward advances not reimbursed to DOF for collection. The remaining travel advance balances of cardholders/travelers still working with the Government should be recovered through salary deduction. For employees/officials who no longer work for the Government, the assistance of the Attorney General should be sought to collect the outstanding balances.</p>	DPL	Resolved Active	<p>The Secretary of DLNR and the Director of DPL should provide OPA a copy of the written policies and procedures.</p> <p>The Secretary of DLNR and the Director of DPL responded that they will determine and advise the travelers in writing of the amounts of overpaid per diem allowances and will forward any outstanding travel advances not reimbursed to DOF for collection.</p> <p>The Secretary and the Director should provide OPA a copy of the letter sent to cardholders/travelers and referrals to the Department of Finance and final collection actions.</p>

3. Report No. AR-96-03 issued March 4, 1996
Division of Public Lands
Collection of Rentals on Land Leases with Hotels, Resorts, and Golf Courses

Date(s) of followup letter(s) sent : 12/4/96
 Date(s) of response letter(s) received : 12/4/96, 12/12/96

Recommendation	Agency to Act	Status	Action Required
<p>1. The Secretary of DLNR should develop and implement written procedures to verify the accuracy of computations of gross receipts rent. The written procedures should include (a) establishing requirements for documents to be submitted by the lessees, (b) verification of the completeness of documents submitted by the lessees, (c) verification of rental computations in accordance with terms of the lease and with mathematical accuracy, (d) comparison of reported gross receipts with business gross revenue tax returns and audited financial statements, and (e) communication to lessees of any matters affecting computation of rent, manner of payment, and other provisions of the lease related to rent.</p>	DLNR	Open Active	<p>On July 16, 1996, we received a draft of the procedures detailing the functions of program activities on leases, contracts, and permits. However, the final draft of the procedures has yet to be submitted to us. To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a copy of the final procedures, and (2) a target date for implementation. The final procedures should include items (a) to (e) of recommendation no. 1.</p>

Recommendation	Agency to Act	Status	Action Required
<p>2. The Secretary of DLNR should send letters to the lessees reminding them of how certain revenues and deductions should be computed for determining gross receipts rent. The following common errors may be cited and clarified in the letter (a) reporting revenues at net of related costs, (b) failing to update reports on gross receipts, (c) reporting sublessee's gross receipts at net of BGRT, and (d) deducting an unallowable item from gross receipts.</p>	DLNR	Open Active	<p>DPL provided us the status of collections on rental underpayments as of July 23, 1996, however, collections after that date were no longer reported to OPA. To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a target date for implementation, and (2) a copy of the letters sent to the lessees reminding them of how certain revenues and deductions should be computed for determining gross receipts rent.</p>
<p>3. The Secretary of DLNR should issue a memorandum instructing the DPL's Controller to (a) record the under(over) payment in each lessee's accounts receivable subsidiary ledger and books of accounts, (b) notify the lessees, in writing, of their under(over)payment of rentals, (c) review subsidiary ledgers to summarize accounts due and send billings on a regular basis, perhaps quarterly, and (d) indicate the specific months paid within the applicable quarters in the official receipts.</p>	DLNR	Open Active	<p>On March 21, 1996, DPL provided us a copy of the letters sent to the lessees regarding their rental underpayments. Also, the Account Compliance Section was created effective July 1995 to monitor receivables. According to DPL, the Compliance Supervisor will be instructed to recognize the under(over)payment in the books, advise the lessees of unpaid rentals in writing, and monitor accounts for collection. However, to consider the recommendation closed, the DLNR Secretary should provide OPA (1) a target date for implementation, and (2) a copy of the written instruction to the Compliance Supervisor to review subsidiary ledgers, summarize accounts due, send billings on a regular basis (perhaps quarterly), and in case payments are received, indicate the specific months paid in the official receipts.</p>
<p>4. The Secretary of DLNR should require DPL's Enforcement Officer to conduct visual inspections of the leased premises on a periodic basis to ensure that gross receipts of all sublessees are reported and included in the computation of gross receipts rent.</p>	DLNR	Open Active	<p>Per DLNR letter dated 12/12/96, Kan Pacific's rental underpayment for the period of the audit had already been paid as at 10/4/96. There are no unpaid rentals from Kan Pacific as at lease year 1994 as shown in the summary attached to DLNR's letter.</p> <p>To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a target date for implementation, and (2) a copy of the written instruction to the Technical Enforcement Officer to conduct visual inspections of the leased premises on a periodic basis.</p>

Recommendation	Agency to Act	Status	Action Required
<p>5. The Secretary of DLNR should issue a memorandum instructing the Controller to: (a) record underpayments and overpayments in OPA's previous audit in the accounts receivable subsidiary ledger of DPL, and (b) send billings to the lessees, collect their underpayments, and credit Dai-Ichi's overpayment against rentals due.</p>	DLNR	Open Active	<p>To consider the recommendation closed, the DLNR Secretary should provide OPA a copy of the subsidiary ledgers showing the recording of rental underpayments and corresponding collections, including those from previous audit.</p>
<p>6. The Secretary of DLNR should issue a memorandum directing the Controller to (a)instruct its staff members to provide adequate detail in the accounts receivable subsidiary ledger for the period being paid by lessees (such as the months involved), and (b) conduct a regular review of the subsidiary ledgers to ensure accuracy and completeness of recorded transactions.</p>	DLNR	Open Active	<p>According to DPL, the Compliance Supervisor will be instructed to recognize the under(over)payment in the books, advise the lessees of unpaid rentals in writing, and monitor accounts for collection. To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a target date for implementation, and (2) a copy of the written instruction to the Compliance Supervisor.</p>

4. Report No. AR-96-05 issued March 21, 1996
Division of Public Lands
Audit of the Saipan Fishing Center and the Lease of the Garapan Fishing Base

Date(s) of followup letter(s) sent : 12/4/96
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
<p>1. The Secretary of DLNR should terminate APEX's lease of the Garapan Fishing Base and instruct the DPL Legal Counsel to: (a) initiate legal proceedings to collect rentals due from APEX and Ship Ashore Restaurant, (b) recover from the former NMSCI President all payments collected from H & H Enterprises for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Birdie's Restaurant, and (c) notify Ship Ashore to pay rentals directly to DPL on a month-to-month basis.</p>	DLNR	Open Active	<p>A notice of termination has been issued to Apex on March 27, 1996. However, to consider the recommendation closed, the DLNR Secretary should provide OPA (1) a written report of the Legal Counsel's action on rentals due from APEX and Ship Ashore, as well as the rentals improperly paid to the former NMSCI President, and (2) copies of payments made on collection of rentals due from Apex and Ship Ashore, and recovery of rentals improperly paid to the former NMSCI President.</p>
<p>2. The Secretary of DLNR should require the Director of DPL to develop and implement administrative policies and procedures to (1) determine in a timely manner any default on the part of the lessees and initiate remedies available to</p>	DLNR	Open Active	<p>To consider the recommendation closed, the DLNR Secretary should provide OPA a copy of the written policies and procedures to (1) determine any default on the part of the lessees and initiate remedies available to DPL in case of default, and (2) ensure that</p>

Recommendation	Agency to Act	Status	Action Required
DPL in case of default, and (2) ensure that activities in the leased premises are authorized by DPL.			activities in the leased premises are authorized by DPL.

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

Date(s) of followup letter(s) sent : 12/4/96
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
<p>1. The Secretary of DLNR should develop and implement written procedures to verify the accuracy of computations of gross receipts rent submitted by the lessees. The written procedures should include:</p> <p>(a) Verifying rental computations in accordance with the terms of the lease, and the mathematical accuracy of the computations.</p> <p>(b) Comparing each lessee's reported gross receipts with its business gross revenue tax returns and audited financial statements.</p> <p>(c) Communicating to lessees any decisions by DPL affecting computation of rent, manner of payment, and other provisions of the lease agreement related to rent.</p>	DLNR	Open Active	On July 16, 1996, we received a draft of the procedures detailing the functions of program activities on leases, contracts and permits. However, the final draft of the procedures has yet to be submitted to us. To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a copy of the final procedures, and (2) a target date for implementation. The final procedures should include items (a) to (c) of recommendation no. 1.
<p>2. The Secretary of DLNR should send a letter to PIC reminding the lessee of how certain revenues and deductions should be computed for determining gross receipts rent. The following common errors may be cited and clarified in the letter:</p> <p>(a) <i>Reporting of sublessee's gross receipts to MPLC.</i> The lessee should include the gross receipts of sublessees and other operators that provide services at the hotel, such as pay-per-view services. The related</p>	DLNR	Open Active	To consider the recommendation closed, the DLNR Secretary should provide OPA (1) a target date for implementation, (2) a copy of the letter sent to the lessee reminding it of how certain revenues and deductions should be computed for determining gross receipts rent.

Recommendation	Agency to Act	Status	Action Required
rent income or commissions received from such sublessees or operators should be deducted from gross receipts.			
(b) <i>Deduction of interest expense from gross receipts.</i> The lessee should monitor and ensure that interest expense paid on construction loans is deducted only up to \$500,000 per year.			

Department of Public Health

**1. Report No. AR-95-03 issued February 7, 1995
Medical Referral Program and Medical Referral Transactions
Under the San Diego Hospital Association Agreement**

Date(s) of followup letter(s) sent : 3/13/95,6/30/95,11/20/95,3/11/96,12/5/96
Date(s) of response letter(s) received : 5/23/95, 8/29/95

Recommendation	Agency to Act	Status	Action Required
6. The Secretary of DPH should develop and formalize long-term plans to resolve the high cost of medical care in the CNMI (such as plans to provide CNMI-wide health care insurance and preventive health care programs to all residents). Upon completion, these plans should be brought to the attention of the Governor and the Legislature for action.	DPH	Resolved Delinquent	Secretary of Public Health should provide a copy of long-term plans to reduce the cost of health care in the CNMI.

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

Date(s) of followup letter(s) sent : 3/11/96,12/5/96
Date(s) of response letter(s) received : 4/3/96 (DOF only), 12/6/96 (NMIRF)

Recommendation	Agency to Act	Status	Action Required
2. The Administrator of Retirement Fund (formerly Secretary of Finance) should instruct the GHI Division Supervisor to develop and implement a system that can facilitate the processing of claims. The Secretary of Public Health should instruct the Medical Referral Officer and Medicaid Program Administrator to develop and implement a system that can facilitate the processing of claims.	DPH	Resolved Active	The Administrator of Retirement Fund should provide a copy of directive or memo implementing the new claims processing software when it becomes on-line on January 1, 1996. The Secretary of Public Health should provide date of completion for claims processing which have been contracted to a local vendor. Note: On or about November 15, 1996, the Medical Referral Officer requested us to participate in an interview to be conducted by a local computer vendor who has been contracted to computerize processing of claims. The action required was based on this recent development.

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

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

Date(s) of followup letter(s) sent : 4/1/97 (verbal), 7/11/97
 Date(s) of response letter(s) received : 2/27/97, 3/19/97, 7/14/97

Recommendation	Agency to Act	Status	Action Required
2. The Secretary of Public Health should amend the adverse action against evening cashier number 2.	CHC	Resolved Active	Provide OPA a copy of the biweekly remittance of allotment report and the CNMI Treasury official receipt until stolen funds are fully collected.

**4. 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
 Date(s) of response letter(s) received : 6/16/97 (RMO)

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

OPA Comment

 The Secretary of Finance should provide OPA a copy of the memo requiring the current Director of RHC to return the amount

Recommendation	Agency to Act	Status	Action Required
<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>taken from RHC funds and the results of the arrangements made with the Rota Department Head of Finance to recover said amount. In addition, since the Mayor of Rota indicated reluctance to implement this recommendation the Secretary of Finance should take a more active role in assuring that the money is returned such as requiring the Resident Department Head of Finance to take the required action.</p> <p>The Secretary of Finance responded that he will request the Mayor of Rota to adopt the findings and, through the Resident Department Head of Finance, deny the claims not later than February 28, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA a copy of the memo requesting the Mayor of Rota through the Resident Department Head of Finance to deny the claims.</p> <p>In addition, since the Mayor of Rota indicated reluctance to implement this recommendation the Secretary of Finance should take more active role in assuring that the money is returned such as requiring the Resident Department Head of Finance to take the required action.</p>
<p>4. The Secretary of Finance should deny the claim of the Director of RHC for reimbursement of the cost of the washing machine.</p>	DOF	Resolved Active	<p>The Secretary of Finance responded that he will request the Mayor of Rota adopt the findings and, through the Resident Department Head of Finance, deny the claims not later than February 28, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA a copy of the memo requesting the Mayor of Rota through the Resident Department Head of Finance to deny the claims.</p>

Recommendation	Agency to Act	Status	Action Required
5. The Mayor of Rota should consider what administrative sanctions should be applied for violation of the ethical standards.	RMO	Resolved Active	The Mayor of Rota responded that the RHC Director should be given the opportunity to resubmit the purchase requisition, with sole source or emergency procurement justification, and allow DOF to judge fairly if the RHC Director should be paid for her machine. <i>OPA Comment</i> The Mayor of Rota should provide OPA with a copy of the justification.

**5. 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
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
2. The Secretary of Public Health should require the DDC Executive Director to establish and implement written policies and procedures for controlling use of DDC's telephone charge card and for the timely billing of employees for personal long distance calls.	DPH	Resolved Active	The Secretary of Public Health concurred with the recommendation, and stated that the Executive Director is to establish and implement written policy before April 15, 1997. <i>OPA Comment</i> The Secretary of Public Health should provide OPA with a copy of these policies and procedures.
3. <i>As Revised and Redirected to DOF:</i> The Secretary of Finance should deduct any unpaid balance of the \$1,088 charges for personal calls and \$1,086 advance from the final payroll check or any other funds due to her. Also, the Secretary of Finance should instruct the Travel Section to strictly comply with DOF Manual of Procedures and Policies relating to Travel and Transportation particularly on enforcing immediate return of travel advances if travel is canceled.	DOF	Resolved Active	The Secretary of Finance concurred with the recommendation, and provided documents which showed deduction of unpaid balance of charges for personal calls and travel advances totaling \$488 and \$486, respectively, from the Executive Director's final net pay check. Also, he stated that the Travel Section will be instructed to recover advances for canceled trips in one automatic payroll deduction unless the advance amount exceeds the employee's net pay. In this case, a series of deductions will be used to recover the full amount of the advance.

Recommendation	Agency to Act	Status	Action Required
			<i>OPA Comment</i>
			No additional action required from the Secretary of Public Health. The Secretary of Finance should provide OPA with a copy of this memorandum.
4. The Secretary of Public Health should issue a directive to the DDC Executive Director emphasizing the need to comply with vehicle laws and regulations.	DPH	Resolved Active	The Secretary of Public Health concurred with the recommendation, and stated that the Executive Director was advised and reminded of Governor's Directive No. 163 on government vehicles.
			<i>OPA Comment</i>
			The Secretary of Public Health should provide OPA with a copy of (1) memorandum emphasizing the need to comply with vehicle laws and regulations, and (2) vehicle trip log (latest available record).
5. The Secretary of Public Health should require the DDC Executive Director to establish control procedures for documenting the removal and possession of government equipment outside of the office to ensure that DDC properties are used only for office-related purposes.	DPH	Resolved Active	The Secretary of Public Health concurred with the recommendation, and stated that the Executive Director is to establish control procedures by April 15, 1997.
			<i>OPA Comment</i>
			The Secretary of Public Health should provide OPA with a copy of these policies and procedures.
6. The Secretary of Public Health should ensure that local funds are not used to supplement funds no longer available from the federal government, and admonishing them for violating the CNMI Planning and Budgeting Act.	DPH	Open Active	The Secretary of Public Health concurred with the recommendation, and stated that a memorandum will be issued to all Division Directors.
			<i>OPA Comment</i>
			The Secretary of Public Health should provide OPA with a copy of this memorandum.
7. <i>Original</i> - The Secretary of Public Health should take action to recover the retroactive salary increase of \$3,600	DPH	Open Active	The Secretary of Public Health stated that action on this issue is pending intensive review by appropriate local officials and

Recommendation	Agency to Act	Status	Action Required
<p>improperly paid from local funds to the DDC Executive Director.</p>	DOF	Resolved Active	<p>responses from grantor agencies are not completed yet.</p> <p>The Secretary of Finance concurred with Recommendation 7, and provided documents which showed that the improper retroactive salary increase was withheld from the final payroll check due to the Executive Director. The amount withheld was short, however, by \$764.40 because the final net pay check after deducting the amount unpaid for personal calls and travel advance was only \$2,835.60. DOF stated that if the salary increase is ultimately disapproved, a zero amount check will be processed and the deductions deposited with the CNMI Treasury. DOF will bill the Executive Director for the remaining balance owed of \$764.40. If the increase is approved, the \$2,835.60 withheld will be canceled and a check for this amount will be issued to the Executive Director.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA copy of the results of the review of the issue. Also, the Secretary of Finance should provide OPA with a copy of documents showing action taken after considering results of review.</p>
<p>8. The Secretary of Public Health should require all DDC employees, including the DDC Executive Director, to punch the time clock and to strictly observe DDC's timekeeping procedures, which require daily time in and out and obtaining the DDC timekeeper's initials for manual time entries in the time cards. Employees who do not comply should be charged LWOP. Such manual entries should be justified in writing such as if the time clock is not working. If manual entries are justified because the employee forgot, such justification should be accepted very seldom such as not more than five times in a six month period, at most and the timekeeper should keep track of how many times that excuse is used by the individual employee. An employee whose justifications are in excess of five times in</p>	DPH	Open Active	<p>The Secretary of Public Health concurred with exception, and stated that the DDC Executive Director is considered an excepted service employee and thus is covered by the ESPR which have no references to daily time and attendance report.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA copy of the memorandum requiring all DDC employees, including the DDC Executive Director, to punch the time clock and to strictly observe DDC's timekeeping procedures, which require daily time in and out and obtaining the DDC timekeeper's initials for manual time entries in the time cards. Manual entries should be justified in writing and be controlled.</p>

Recommendation	Agency to Act	Status	Action Required
<p>a six month period should be deducted one or more hour depending on the circumstances. If the employee calls in from an out of office location at the start of the work day or the end of the work day for a manual entry, the timekeeper should verify the employee's location by obtaining the official business place and telephone number, and should call back immediately to verify employee's presence.</p>			
<p>9. The Secretary of Public Health should require the DDC Timekeeper to charge the appropriate type of leave to employees for any time-off that reduces a work day to less than eight hours.</p>	DPH	Open Active	<p>The Secretary of Public Health concurred with the recommendation, and stated that memorandum will be issued to timekeeper by the Executive Director.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA a copy of the memorandum requiring the DDC Timekeeper to charge the appropriate type of leave to employees for any time-off that reduces a work day to less than eight hours.</p>
<p>10. The Secretary of Public Health should charge appropriate leave for the 12 unworked hours of employee no. 75677.</p>	DPH	Open Active	<p>The Secretary of Public Health concurred with the recommendation.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA a copy of the document evidencing charging of appropriate leave for the 12 unworked hours of employee no. 75677.</p>
<p>11. The Secretary of Public Health should reinstate the 15 hours LWOP of Employee no. 75677 because the reversal by the DDC Executive Director was not supported by written justification.</p>	DPH	Open Active	<p>The Secretary of Public Health stated that this was resolved when the employee agreed to make up lost hours during the following pay period.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA a copy of documents evidencing approval of comptime prior to their performance and monitoring of the employee's number of comptime hours earned and used. Otherwise, OPA should be</p>

Recommendation	Agency to Act	Status	Action Required
<p>12. The Secretary of Public Health should require the DDC Executive Director to establish a sign-in and out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact telephone number, and purpose. The DDC Executive Director should issue and enforce a memorandum requiring employees to personally log entries on the sign-in and out sheet when leaving the office during working hours. If the purpose of leaving the office is for official business, the timekeeper should spot check by calling the number left to verify the employees' whereabouts.</p>	DPH	Resolved Active	<p>provided a copy of the document evidencing reinstatement of the 15 hours LWOP of Employee no. 75677.</p> <p>The Secretary of Public Health concurred with exception, and stated that sign-in and out sheet have been established for all employees. Memorandum will be issued by April 15, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA copy of this memorandum.</p>
<p>13. The Secretary of Public Health should coordinate the activities of DDC by performing a periodic review of DDC's program operations and administrative services.</p>	DPH	Open Active	<p>The Secretary of Public Health concurred with the recommendation, and stated that P.L. 103-230 Sec. 124(c)(2) and 45 CFR 1386.30(e)(4) authorizes the Council to hire, supervise and evaluate the Executive Director. Periodic reports are prepared and received by Council members.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA documents on actions made to coordinate the activities of DDC, including performance of a periodic review of DDC's program operations and administrative services.</p>
<p>14. The Secretary of Public Health should enforce compensation of the DDC Executive Director as a division director and not as a department or agency head.</p>	DPH	Open Active	<p>The Secretary of Public Health stated that this issue is pending review and evaluation of agency status, and the applicability of Executive Order 94-3.</p> <p>OPA Comment</p> <p>The Secretary of Public Health should provide OPA copy of the results of the review of the issue.</p>

Department of Public Safety

1. 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
Date(s) of response letter(s) received : 2/14/95, 2/23/95, 7/28/95, 10/2/95, 10/12/95, 10/27/95
12/11/96, 1/7/97

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

Recommendation	Agency to Act	Status	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	Resolved Active	The duties and responsibilities of BMV employees provided to us in October 1995 showed that the DL supervisor oversees the filing, maintenance and control of driver's licenses. However, there was no details of what documents are to be kept in the storeroom and the procedures for filing them. Accordingly, the Commissioner of DPS should provide (1) a written memo detailing the required procedures to control records in the storeroom, and (2) target implementation date.
8. The Director of BMV should establish and implement written review procedures to ensure the reliability of the records. The review procedures should (a) require the DL Supervisor to control the assignment of numbers to the license cards, and (b) stop the practice of assigning "00" or "01" extension numbers to duplicate driver's license numbers and correct the duplicate and erroneous driver's licenses by assigning the next numbers in the series that the license was originally issued.	DPS	Resolved Active	The Commissioner of DPS should provide (1) a copy of the written memo requiring the DL Supervisor to (a) control the assignment of numbers to the license cards, and (b) stop the practice of assigning "00" or "01" extension numbers to duplicate driver's license numbers and (c) correct the duplicate and erroneous driver's licenses by assigning the next numbers in the series that the license was originally issued and (2) target implementation date.
9. The Director of BMV should assign the responsibility of changing data in the computer file to one staff member. The assigned staff should be required to document the reason for the changes made to the computer file and on the driver's license cards.	DPS	Resolved Active	The Commissioner of DPS should provide a copy of a memo assigning specific staff responsible for and the required procedures in changing data in the computer files. Per DPS letter dated December 11, 1996, Director Adriano, Director Cabrera and the Immigration Director will meet to ensure a compatible system which maybe accomplished between April and June 1997.
12. The Commissioner of DPS should require the CJIS programmer to modify the data base program for driver's licenses to allow the accumulation of historical data.	DPS	Resolved Active	The Commissioner of DPS should provide (1) a target implementation date, and (2) status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, Director Adriano, Director Cabrera and the Immigration Director will meet to ensure a compatible system which maybe accomplished between April and June 1997.
13. The Commissioner of DPS should require the CJIS programmer to modify the driver's license data base program to improve the processing and maintenance of driver's license records. The program	DPS	Resolved Active	The Commissioner of DPS should provide (1) a target implementation date, and (2) status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, Director Adriano,

Recommendation	Agency to Act	Status	Action Required
<p>should be able to accept entry of data from the application and be able to print that data on the driver's license cards. The data should be automatically added by the program to the data base file. If necessary, the DPS can seek assistance from the EDP programmers at the Department of Finance.</p>			<p>Director Cabrera and the Immigration Director will meet to ensure a compatible system which maybe accomplished between April and June 1997.</p>
<p>16. The Commissioner of DPS and Director of BMV should develop and implement a plan to fully utilize the computer system for vehicle registration. The plan should include (a) recording of vehicle registrations at the BMV instead of bringing the registration files to the CJIS, (b) reconciling the data base file with the manual logbook, and (c) requiring inquiry of vehicle registrations using the computer after the data base has been reconciled with the logbook.</p>	DPS	Resolved Active	<p>The Commissioner of DPS should provide (1) a target implementation date, and (2) status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, the vehicle registration program are included in the current law enforcement Management System and will begin implementation in early February of 1997.</p>
<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.</p>	DPS	Resolved Active	<p>The Commissioner of DPS should provide (1) a target implementation date, and (2) status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, the vehicle registration program are included in the current law enforcement Management System and will begin implementation in early February of 1997.</p>
<p>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.</p>	DPS	Resolved Active	<p>The Commissioner of DPS should provide (1) a copy of the written procedures, and (2) target implementation date. Per DPS letter dated December 11, 1996, the vehicle registration program are included in the current law enforcement Management System and will begin implementation in early February of 1997.</p>

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

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

Recommendation	Agency to Act	Status	Action Required
1. The Commissioner of DPS should require that procedures be developed and implemented to ensure that firearm IDs are issued only to eligible persons. The procedure should require Court clearances that respond to all requirements of the law and DPS regulations, a clearance from the applicant's doctor or hospital responding to all requirements of the law, and proof of residency and age.	DPS	Open Active	The Commissioner of DPS should provide (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of written procedures to ensure that firearm IDs are issued only to eligible persons, including requirement for court clearance, doctor or hospital clearance, and proof of residency and age which responds to all requirements of the law and DPS regulations.
3. The Commissioner of DPS should require the Records Section to accurately and completely maintain the registry of IDs including complete files of all documents showing eligibility for Ids.	DPS	Open Active	DPS provided OPA several posters containing the requirements of the law. These would be helpful to remind DPS personnel of the legal requirements on firearms IDs and dealers licenses. OPA's recommendation was for DPS to develop and implement procedures, such as clearance to be required from applicants, sequential procedures in the processing of IDs and dealers licenses as well as subsequent verification procedures.
4. The Commissioner of DPS should require the BMV Director to develop and implement written policies and procedures with the assistance of the Supervisor of the Records Section and the Director of Police for following-up on and enforcing ID renewal under the Weapons Control Act.	DPS	Open Active	The Commissioner of DPS should provide (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written policies and procedures for following-up on and enforcing ID renewal.
6. The Director of BMV should develop written policies and procedures to ensure the safe operation of shooting galleries after issuance of their licenses.	DPS	Open Active	The Commissioner of DPS should provide (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written policies and procedures to ensure the safe operation of the

Recommendation	Agency to Act	Status	Action Required
7. The Director of BMV should develop written policies and procedures for the verification of transfers of firearms and ammunition by the firearm dealers.	DPS	Open Active	<p>shooting galleries after issuance of their license.</p> <p>The Commissioner of DPS should provide (1) a target date for implementation, (2) the title of the official responsible for the action, and (3) a copy of the written policies and procedures for the verification of transfers of firearm and ammunition.</p> <p>DPS provided OPA several posters containing the requirements of the law. These would be helpful to remind DPS personnel of the legal requirements on firearms IDs and dealers licenses. OPA's recommendation was for DPS to develop and implement procedures, such as clearance to be required from applicants, sequential procedures in the processing of IDs and dealers licenses as well as subsequent verification procedures.</p>

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

Date(s) of followup letter(s) sent : 12/3/96
Date(s) of response letter(s) received : None

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

Department of Public Works

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

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

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

**2. Report No. LT-96-08 issued September 26, 1996
 Audit on Improper Disposal of Two Heavy Equipment Vehicles**

Date(s) of followup letter(s) sent : 11/25/96

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

Recommendation	Agency to Act	Status	Action Required
2. The Secretary of Finance should determine the extent of financial liability for which the DPW Secretary should be held liable.	DOF	Open Active	Since the Secretary of Finance does not consider imposing financial liability, he should at least issue a directive reminding the DPW Secretary to become familiar with and appoint one of his managers to be responsible for carrying out the policies and procedures of procurement and supply.

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Municipalities

Offices of the Mayors
Municipal Councils

Municipality of Northern Islands

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

Date(s) of followup letter(s) sent : 3/27/95,7/3/95,7/19/96,10/7/96,12/2/96, 12/23/96
Date(s) of response letter(s) received : 4/3/95,7/10/95,7/24/96,7/26/96,10/15/96

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

Municipality of Rota

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

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

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

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

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

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

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

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

Municipality of Saipan

1. Report No. LT-96-06 issued October 10, 1996
Saipan Municipal Council
Audit on Improper Procurement of Air Conditioners

Date(s) of followup letter(s) sent : 11/25/96
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
1. The Secretary of Finance should enforce the policy on confirming requisitions by requiring the appropriate parties responsible for procuring the air conditioners to pay for them forthwith or return them to the vendor.	DOF	Open Active	The Office of the Public Auditor should be provided documentation showing the final disposition of the transaction.

Municipality of Tinian

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

Date(s) of followup letter(s) sent : 7/16/96,11/29/96,12/3/96

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

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

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

Date(s) of followup letter(s) sent : 3/28/96,11/25/96

Date(s) of response letter(s) received : 6/11/97

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

Recommendation	Agency to Act	Status	Action Required
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 Delinquent	Provide the Office of the Public Auditor (1) a copy of the memo directing the Tinian Procurement Office to establish a schedule for conducting inventories of government capital assets on Tinian and (2) a copy of the inventory results and actions taken.

CNMI-Wide Audits

Single Audits
Compliance with Laws and Regulations

CNMI-Wide Audits

1. CNMI Single Audit Independent Auditors' Report on Internal Control Structure Year Ended September 30, 1995

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

Recommendation	Agency to Act	Status	Action Required
<i>Treasury/Cash Management</i>			
1. DOF should make periodic fund transfers between the general bank account and the special disability trust account to ensure that all trust monies are separately maintained.	DOF	Open Delinquent	Provide copy of documents supporting periodic transfer of fund from the general bank account to the Special Disability Trust Fund bank account as stated in auditee response.
2. DOF should reconcile all bank accounts to the general ledger on a monthly basis and that the resulting adjustments be posted on a timely manner.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of procedures implemented in conjunction with the NAP program to ensure that all bank account reconciliation adjustments are booked to the general ledger as stated in auditee response.
3. The CNMI should consider the use of cash control sheets for accumulating small collections at the Joeten-Kiyu Public Library.	DOF	Open Delinquent	Provide copy of procedures established on the use of cash control sheets for accumulating small collections.
4. The Secretary of Finance should designate the Division of Procurement and Supply as a collection point with an established change fund and evidence its cash sales with the use of official cash receipts.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of directive designating an official cashier and alternate at the Division and a copy of the guideline on the use of official receipts as stated in auditee response.
<i>Revenue/Receipts</i>			
5. The Division of Revenue and Taxation should review its system of record keeping and establish policies and procedures to ensure that tax returns are orderly, systematic, and are properly accounted for.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide a copy of the policies and procedures established to ensure that tax returns are accounted for properly as stated in auditee response.
7. DOF should use the Daily Cash Report date as the transaction date in posting collections.	DOF	Open Delinquent	Provide copy of the most recent collection reports from the Financial Management System (FMS) and supporting DCRs.

Recommendation	Agency to Act	Status	Action Required
8. The Division of Treasury should review its system of record keeping and establish policies and procedures to ensure that official cash receipts are filed orderly and systematically.	DOF	Open Delinquent	Provide copy of policies and procedures to ensure that official receipts are filed properly and systematically, and the result of the review of record keeping system.
11. The Customs Division should establish policies and procedures to ensure that invoices, which support tax assessments, are provided by taxpayers.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide a copy of policies and procedures developed, where assessments based on estimates are always followed up with the vendor for invoice submission as stated in auditee response.
14. The CNMI should establish control over cash by requiring all collection points in Rota to remit cash collections to DOF on a daily basis.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of memo reemphasizing to the Quarantine Office and Division of Customs in Rota the policy that collections should be deposited daily to the DOF.
15. DOF should require the Quarantine Office - Airport to remit its collections to the Treasury on a timely and regular basis.	DOF	Open Delinquent	Provide copy of memo instructing the Airport Quarantine Office to remit its collection to the Treasury on a timely basis.
16. DOF should reconcile encumbrance balances on a monthly basis. Additionally, adjustment reports should be retained and signed by the personnel performing the adjustments.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of memo requiring all departments to reconcile encumbrance balances on a monthly basis.
<i>Purchases/Disbursements</i>			
17. The CNMI should review all advances outstanding for more than one year, evaluate their collectibility, and write off any amounts deemed uncollectible.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the result of the review of old outstanding travel advances for collectibility as stated in auditee response.
18. DOF should periodically reconcile subsidiary records on a timely basis.	DOF	Open Delinquent	Provide copy of the results of the review of subsidiary ledger reconciliation procedures as stated in auditee response.
<i>External Financial Reporting</i>			
21. DOF should record transactions of the Kagman Plant Industry through job orders and that the Department of Finance consider establishment of the Kagman Plant Industry as an internal service fund.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the results of the review of the policy of not charging for intra government Kagman Plant Industry transactions as stated in auditee response.

Recommendation	Agency to Act	Status	Action Required
22. The CNMI should close out revenues and expenditures of the Reimbursable Fund to receivable subledger balances on a periodic basis and that these account balances be reconciled.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the results of the review of the Reimbursable Fund processing to see if alternative accounting methods will allow periodic close out and still retain necessary details during the fiscal year, as stated in auditee response.
23. DOF should analyze the composition of the Agriculture Revolving Fund, establish the Fish and Game Conservation Fund as a separate fund, and make any additional adjustments.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of document evidencing the establishment of the Fish and Game Conservation Fund.
24. DOF should develop policies and procedures to ensure that password security is maintained.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide status of security plan that will include password control, which is being developed by the EDP Division as stated in auditee response.
25. The CNMI Division of Electronic Data Processing should develop a disaster recovery plan.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide status of evaluation performed by the EDP Division on business recovery service vendors for disaster recovery planning and support as stated in auditee response.
26. DOF should formulate a written policy requiring the periodic review and approval by the Director of Finance of the Security system. Access to the security administrator function, programming functions, and sensitive application system functions (such as payroll and tax master file access) should be independently reviewed by management.	DOF	Open Delinquent	Provide copy of the status of the new security access plan which will address application software access.
28. DOF should promptly record transfers of funds to reflect all legislatively-approved reprogramming between General Fund and Local Capital Projects Fund continuing appropriations.	DOF	Open Delinquent	Provide copy of the results of the review of interfund programming procedures to ensure funding as well as budgetary authority is transferred for future transactions of this type as stated in auditee response.

Investments

29. The CNMI should obtain financial statements and consider making appropriate equity adjustments to the Pacific Islands Developments Bank (PIDB) investment balance on an annual basis.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the result of the equity adjustment on the investment with PIDB.
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Recommendation	Agency to Act	Status	Action Required
Receivables			
30. DOF should implement procedures whereby all ordering divisions are contracted on a regular basis to determine the status of items for which an advance payment had been made.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the result of the reconciliation of the vendor advance account to determine if goods have been received as stated in auditee response.
Inventory			
32. The CNMI should establish proper physical control over supplies inventory by periodic physical counts and by agreeing amounts to general ledger balances. Additionally, proper costing records should be maintained, annual physical counts should be taken, and inventory should be recorded on the financial statements.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the result of the review of the costing records and average unit costs as stated in auditee response.
40. The CNMI should perform an inventory of its fixed assets for recording of all assets in the General Fixed Assets Account Group.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the results of the inventory planned on September 30, 1996 and the revision of capitalization policy targeted in August 1996.
Payables and Accrued Liabilities			
41. The CNMI should take the necessary steps to monitor deposits.	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of guidelines adopted to monitor deposits.

**2. CNMI Single Audit
Independent Auditors' Report on Compliance with Laws and Regulations
Year Ended September 30, 1995**

Date(s) of followup letter(s) sent : 12/12/96
Date(s) of response letter(s) received : 2/25/97 (NAP)

Recommendation	Agency to Act	Status	Action Required
9. DOF should limit Federal drawdowns request be made only when there has been actual disbursement of the expenditure. [US Dept. of Interior/DOI Capital Projects/CFDA #15.875	DOF	Open Delinquent	Provide copy of procedures adopted to ensure that federal drawdowns request are made only after the actual disbursement of the expenditure as stated in auditee response.

Recommendation	Agency to Act	Status	Action Required
11. The Division of Environmental Quality should obtain written approval from the grantor agency on all capital expenditures. [US Environmental Agency/Division of Environmental Quality/CFDA #66.600]	DEQ	Open Delinquent	Provide copy of the written approval of the capital expenditure items obtained from the grantor agency as stated in auditee response.
14. The CNMI should file the required annual reports to the EEOC and applicable Federal funding agencies. [Civil Rights - All Programs]	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of DOF's request to the cognizant audit agency and to the Inspector General of the Dept. of Interior for guidance in the applicability of EEOC reporting to the CNMI and its grantor agencies.

Federal Financial Reports

16. DOF should implement procedures to ensure that all required federal reports are filed in a timely manner. [DOI and Covenant Capital Projects CFDA #15.875]	DOF	Open Delinquent	Provide copy of the steps taken to ensure that required reports are submitted on a timely basis as stated in auditee response.
17. DOF should submit PMS-272 reports on or before the prescribed deadline. [Medicaid / CFDA#93.778]	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of the steps taken to ensure that PMS-272 are submitted on a timely basis as stated in auditee response.
18. The CNMI should establish procedures to ensure the timely reconciliation of records between the two locations. [Medicaid / CFDA#93.778]	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of procedures established to reconcile the HCFA-64 report with the Financial Management System as stated in auditee response.

Type of Services Allowed or Unallowed

20. The Grant administrator should contact the grantor agency to confirm applicability of the requirement to the CNMI, and if found applicable, begin using recycled paper for all required reports. [Division of Environmental Quality]	DEQ	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide status of consultation made with the grantor agency regarding the applicability of the said requirement to CNMI as stated in auditee response.
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Eligibility

24. NAP should adhere to established policies and procedures to ensure that participants receive benefits prescribed by the MOU. [Nutrition Assistance/CFDA #10.551]	NAP	Open Active	NAP in their response to auditor's comment did not justify the procedure of using the standard 80 hours biweekly based on Section V.E.8 of the NAP Manual. Section V.E.8 provides for disqualification of NAP participants for a period of three months upon
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Recommendation	Agency to Act	Status	Action Required
<i>Reporting</i>			notice of ineligibility for voluntarily quitting his or her most recent job or reduces his or her regular or normal working hours without good cause thirty days prior to the date of application is received by NAP or thirty days subsequent thereto. This does not provide any guidelines on the use of actual working hours or standard regular working hours of 80 hours biweekly in the computation of the monthly income of participants as basis in determining their NAP benefits.
31. DEQ should complete and submit to the Grants Management Section, P-2-2, a MBE/WBE Utilization Report (Standard Form 334), within 30 days after the end of the Federal fiscal year. [Division of Environmental Quality]	DEQ	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of approval to waive the grant requirement of filing MBE/WBE Utilization Report or Standard Form 334.
32. The CNMI should enter into subgrant agreements with subrecipients which specify the terms and conditions of these grants. [All programs]	DOF	Open Delinquent	Provide copy of policies and procedures of the subgrant monitoring system established as stated in auditee response.
<i>Monitoring Subrecipients</i>			
33. The CNMI should put in place a system that would assure that the criteria are adhered to. Additionally, the CNMI should begin inquiry of subrecipients as to the status of availability of audit reports. [All programs]	DOF	Open Delinquent	Provide copy of policies and procedures of the subgrant monitoring system as stated in auditee response.
<i>Purchases/Disbursements</i>			
36. The Grant Administrator should require all transactions to be properly supported by sufficient competent evidential matter. Although recurring monthly payments of rent are in accordance with a properly approved agreement, it is the client's practice to attach a recurring payment form to the accounts payable voucher to evidence validity. [Coastal Zone Management/CFDA #11.419]	CRM	Open Delinquent	Provide copy of memo requiring the use of recurring payment forms for all accounts payable vouchers for standard monthly payments under an authorized contract.

Recommendation	Agency to Act	Status	Action Required
37. The CNMI should ensure that all correspondence related to federal grants is properly documented and maintained for future reference. [Coastal Zone Management CFDA #11.419]	CRM	Open Delinquent	Provide a copy of directive requiring adherence to prescribed policies and procedures for retainage of correspondence as stated in auditee response.
38. DOF should establish a system to ensure that payments are made only to the proper contracted parties. [Highway Planning and Construction/CFDA #20.205]	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide a copy of the system established to ensure that payments are made only to the proper contracted companies as stated in auditee response.
39. DOF should prescribe policies for expenditure approvals. [Covenant Capital Projects / CFDA #15.875]	DOF	Open Delinquent	Provide copy of directive to ensure all payments are properly signed and approved.
40. Expenditures, net of premiums charged to other funds, of the Health Insurance Fund be appropriated by the CNMI Legislature.	DOF	Open Delinquent	Provide copy of document evidencing reclassification of the Health Insurance Fund as an Expendable Trust Fund rather than as part of the General Fund.

Property and Equipment

41. DOF should compile equipment listings to meet the federal requirements. [All Programs]	DOF	Open Delinquent (Outstanding since FY 1994 Single Audit)	Provide status of the final revision of capitalization policy and the compilation of equipment listings.
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Payables and Accrued Liabilities

42. DOF should recognize in the books the retainage portion of ongoing contracts. [Highway Planning and Construction]	DOF	Open Delinquent	Provide reply on auditors' comment on the auditee's response
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Administrative Requirements

43. The CNMI should ensure that contracts funded by federal grants specify compliance with all applicable federal laws. [DOI and Covenant Capital Projects]	DOF	Open Delinquent	Provide copy of memo requiring appropriate staff to attach a copy of the terms and conditions page to all contracts.
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**3. Report No. AR-97-02 Issued March 4, 1997
Audit of Compliance with the Compensation Adjustments Act
(Government Salary Ceiling)**

Date(s) of followup letter(s) sent : Waiting for the Legislature's Action
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
<i>Marianas Visitors Bureau</i>			
5. Take steps to recover the excess salaries paid to the officials.	MVB	Open Active	MVB Managing Director should provide evidence that legal costs would exceed the amounts to be recovered.
6. Limit the salaries of officials within the government salary ceiling.	MVB	Resolved Active	MVB Managing Director should submit copy of personnel action showing reduction in the salary of the Comptroller.
7. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	MVB	Resolved Active	MVB Board should submit copy of directive to MVB Managing Director requiring enforcement of Compensation Adjustments Act.
8. Revise the MVB salary schedule to comply with the government salary ceilings.	MVB	Resolved Active	MVB Managing Director should submit copy of revised schedule of salaries of officials and employees showing maximum allowable salaries for each position.
<i>Commonwealth Development Authority</i>			
9. Take steps to recover the excess salaries paid to the official.	CDA	Open Active	CDA Executive Director should reconsider and implement recommendation.
10. Limit the salary of the official within the government salary ceiling.	CDA	Open Active	CDA Executive Director should reconsider and implement recommendation.
11. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	CDA	Open Active	CDA Executive Director should reconsider and implement recommendation.
12. Revise the CDA salary schedule to comply with the government salary ceilings.	CDA	Open Active	CDA Executive Director should reconsider and implement recommendation.
<i>Northern Marianas College</i>			
13. Take steps to recover the excess salaries paid to the officials.	NMC	Open Active	NMC President should reconsider and implement recommendation.

Recommendation	Agency to Act	Status	Action Required
14. Limit the salaries of the officials within the government salary ceiling.	NMC	Open Active	NMC President should reconsider and implement recommendation.
15. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	NMC	Open Active	NMC President should reconsider and implement recommendation.
16. Revised the NMC salary schedule to comply with the government salary ceilings.	NMC	Open Active	NMC President should reconsider and implement recommendation.
Commonwealth Ports Authority			
17. Take steps to recover the excess salaries paid to the officials.	CPA	Open Active	CPA Executive Director should reconsider and implement recommendation.
18. Limit the salaries of the officials within the government salary ceiling.	CPA	Open Active	CPA Executive Director should reconsider and implement recommendation.
19. Stop granting salaries in violation of the Compensation Adjustments Act or face future actions and be liable for excess salaries.	CPA	Open Active	CPA Executive Director should reconsider and implement recommendation.
20. Revised the CPA salary schedule to comply with the government salary ceilings.	CPA	Open Active	CPA Executive should reconsider and implement recommendation.
Office of the Governor			
21. Take steps to recover the excess salaries paid to the officials.	GOV	Open Active	Governor should reconsider and implement the recommendation.
22. Limit the salary of the Director of Personnel Management to \$50,000 and the Special Counsel for Legislation to \$48,000.	GOV	Open Active	Governor should reconsider and implement the recommendation.
Department of Public Health			
23. Request the Governor to certify the salaries of physicians which exceeded the \$50,000 ceiling.	DPH	Resolved Active	The Secretary of Health submitted documents evidencing certification by the Governor. However, the list of physicians certified by the Governor did not show the physicians' salaries. Without the salaries, there was no basis for determining the reasonableness of salaries granted to the physicians.

Recommendation	Agency to Act	Status	Action Required
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The Secretary should request re-certification of physicians' salaries by the Governor. The list of physicians to be certified should include the amounts of the physicians' salaries.

**4. 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
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
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<p>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.</p>	DOF	Resolved Active	<p>The Secretary of Finance stated that final rules and regulations regarding advance payments to contractors and contract monitoring will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will instruct the P&S Director to issue interim policies and procedures regulating advance contract payments and contract monitoring, which is expected to be issued by January 31, 1997. He concurred that a contract administration section needed to be established to consolidate contract monitoring functions in one area. DOF is in the process of determining whether this section should be located in P&S, DOF's Secretary's Office, or the Governor's Office. In addition, the Governor responded to the recommendation. He stated the three interim actions which he expects to be taken by DOF pending adoption of the revised procurement regulations being developed by the AG's Office.</p>
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OPA Comment

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

Recommendation	Agency to Act	Status	Action Required
<p>2. The Contracting Officers should initiate the termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&S Director who should do the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, thus, Recommendation 2 is not applicable).</p>	<p>AGO (in lieu of DOF response) for Contract C50322</p>	<p>Resolved Active</p>	<p>The Acting Attorney General stated that the AG's Office has obtained a default judgment against Mr. Sablan. Collection under the judgment, however, is only possible to the extent that assets or income is available which can be attached. The AG's Office is continuing its efforts to collect in this matter.</p>
<p>OPA Comment</p>			
<p>3. The Contracting Officers should recover payments (including interest) made to contractors which we identified as having been paid without performing their work, and refer those who refuse to pay to the AG's Office for legal action.</p>	<p>ConCon Committee for Contract C50297</p>	<p>Open Active</p>	<p>The Acting Attorney General should provide OPA with a copy of documents showing recovery of payments from the contractor of Contract C50322.</p>
<p>The former Chairman of the ConCon Committee stated that the Third ConCon was <i>not a part of the Executive Branch</i> or any of the other branches of the Commonwealth Government. He responded that since the Third ConCon Committee has ceased to exist, the Secretary of Finance should take the initiative to attempt to recover any such payments.</p>			
<p>OPA Comment</p>			
<p>The Secretary of Finance should provide OPA with a copy the results of actions to recover payments (including interest) from the contractor of Contract C50297.</p>			
<p>Governor's Office for Contracts C40222, C40122, C50098, C40113, and C50108</p>			
<p>Open Active</p>			
<p>The Governor responded that inadequate written documentation does not necessarily mean that some or all of the services required under a contract were not provided. Thus, he is forming a review committee comprised of representatives of DOF and AG's Office be formed to independently review each of the contracts discussed in the report to determine whether and to what degree (1) the contract file documentation inadequately documents services actually rendered or (2) the vendor failed to provide the services required under the contract. Based on the review, appropriate corrective action will be initiated.</p>			
<p>OPA Comment</p>			

Recommendation	Agency to Act	Status	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> <ol style="list-style-type: none"> 4. Enforcing the rule that all professional services contracts be awarded through competitive proposals. 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. 6. Ensuring that alternative sources be considered in sole source procurement. 	DOF	Resolved Active	<p>The Governor should provide OPA with (1) the target date for completion of the review and the names of the officials who will be responsible, (2) a copy of the results of the review and documents to evidence implementation.</p> <p>The Special Assistant for Management & Budget stated that it is not entirely the contractor's fault that contractual obligations were not performed, thus, he preferred that the situation be discussed with the contractor both in terms of the amended scope of work and consideration and amend the contract accordingly, including a new executory period. Recovery of excess payments, without interest, if warranted will also be discussed. This will be implemented by January 12, 1997.</p> <p>OPA Comment</p> <p>The Special Assistant for Management & Budget should provide OPA with a copy of documents showing results of discussion with the contractor of Contract C40276 on the matter including copies of contract amendments and documents showing recovery of improper payments.</p> <p>The Secretary of Finance stated that final rules and regulations regarding sole source procurement will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding competitive proposals, written justifications, and alternative sources for sole source procurement and direct the P&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>Office of Mgmt. & Budget for Contract C40276</p>	Resolved Active	<p>The Special Assistant for Management & Budget stated that it is not entirely the contractor's fault that contractual obligations were not performed, thus, he preferred that the situation be discussed with the contractor both in terms of the amended scope of work and consideration and amend the contract accordingly, including a new executory period. Recovery of excess payments, without interest, if warranted will also be discussed. This will be implemented by January 12, 1997.</p> <p>OPA Comment</p> <p>The Special Assistant for Management & Budget should provide OPA with a copy of documents showing results of discussion with the contractor of Contract C40276 on the matter including copies of contract amendments and documents showing recovery of improper payments.</p>	

Recommendation	Agency to Act	Status	Action Required
<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>The Secretary of Finance stated that final rules and regulations regulating cost, scope of work and deliverables, and contract renewals will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding cost negotiation justifications, change orders, deliverables, and contract renewals, and direct the P&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>The Secretary of Finance should issue a memorandum instructing the DOF - Accounting Section to:</p> <p>8. Recover or offset from future payments the \$15,079 overpayments to contractors.</p> <p>9. Adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors. Inadequately supported payment requests should be rejected.</p>	DOF	Open Active	<p>The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that overpayments are recovered and that contract payment requests are adequately reviewed to ensure payment amounts are correct and contain all appropriate supporting documents.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum and the results of Finance & Accounting's actions to recover overpayments.</p>
<p>10. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that have the same scope of work and whose periods overlap.</p>	DOF	Open Active	<p>The Secretary of Finance stated that he will issue a memorandum to the P&S Director directing that written policies and procedures be developed to prevent multiple contracts with the same vendor for the same scope of work and overlapping contract periods.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of these policies and procedures.</p>

Recommendation	Agency to Act	Status	Action Required
<p>Issue a memorandum to the P&S Director:</p> <p>11. Requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight.</p> <p>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.</p>	DOF	Open Active	<p>The Secretary of Finance stated that he will issue a memorandum to the P&S Director requiring compliance with the procurement regulations on contract review, processing, and oversight, and directing that written policies and procedures be developed and implemented to ensure that contracts do not become effective prior to completion of their processing.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum and the policies and procedures to ensure that contracts do not become effective prior to the date of completion of contract processing.</p>
<p>13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.</p>	DOF	Open Active	<p>The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that contract payments are not made prior to completion of contract processing.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum.</p>

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Autonomous Agencies

Commonwealth Ports Authority
Commonwealth Utilities Corporation
Northern Mariana Islands Retirement Fund
Public School System
Tinian Casino Gaming Control Commission

Commonwealth Ports Authority

1. Report No. AR-95-11 issued August 1, 1995 Audit of Credit Card and Related Travel Transactions

Date(s) of followup letter(s) sent : 11/21/95, 3/7/96, 12/5/96
Date(s) of response letter(s) received : 12/6/95, 3/15/96, 3/27/96

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

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

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

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

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

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

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

3. The CPA Board Chairman should establish written procedures for board expense reimbursement that will ensure compliance with the requirements of the law (1 CMC, §8247 (c)).	CPA	Resolved Active	CPA initially responded that internal control procedures will be implemented to address the recommendation. In his latest letter response dated 3/27/96, however, the Board Chairman stated that current travel policies and procedures should be adequate to account for board-related travel reimbursements.
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Recommendation	Agency to Act	Status	Action Required
<p>4. The CPA Board Chairman should establish written policies and procedure to prevent financial interest violations in the future.</p>	CPA	Resolved Active	<p><i>OPA comments:</i></p> <p>The law provides that a board member may receive reimbursement for “extraordinary” expenses incurred during the performance of his duties <i>upon submission of receipts</i> or other proof of expenses and <i>upon specific approval</i> of the board.</p> <p>Our findings showed that improper reimbursements were made by CPA board members without any documentation showing that the expenses were board-related and without specific board approval. <i>Several of these expenses were not travel-related.</i> Consequently, there is a need to establish separate policies and procedures for board expense reimbursement. These should include requiring board approval (e.g. through a board committee established for such purpose) before reimbursements are made, completion of a board reimbursement form (or any appropriate documentation) to document the nature and purpose of the expenses, and providing a definition for allowable “extraordinary expenses.”</p> <p>CPA should adopt official policies and procedures on board expense reimbursements.</p> <p>In his letter response dated 3/27/96, the Board Chairman responded that the CPA Legal Counsel has been instructed to draft policies and procedures to prevent financial interest violations by board members and CPA employees. A copy of the letter to the Legal Counsel dated 3/15/96 was provided to us.</p> <p>OPA Comment</p> <p>CPA provide OPA the target date for completion of the draft policies and procedures. Upon completion, CPA should provide a copy of the draft to OPA.</p>

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

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

Date(s) of followup letter(s) sent : 12/5/96
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Action Required
1. The CPA Board Chairman should instruct the Executive Director to stop the issuance and renewal of agricultural permits, terminate all existing permits, and take steps to evict all individuals occupying CPA properties for residential purposes and those without permits.	CPA	Open Active	The Board Chairman should reconsider and implement the recommendation.
2. The CPA Board Chairman should instruct the Executive Director to establish adequate procedures to monitor and control CPA properties, such as requiring the Lease Compliance and Enforcement Officer to conduct regular visual inspections and to report nonport-connected activities and illegal encroachments of CPA properties by unauthorized individuals.	CPA	Resolved Active	Provide copy of written procedures or directives.

Recommendation	Agency to Act	Status	Action Required
3. The CPA Board Chairman should create a special committee to study and evaluate whether the issuance of short-term permits for the use of idle properties for nonport-connected purposes will benefit CPA and the general public. If so, CPA should draft the necessary legislation and seek the assistance of the Legislature to amend the existing law.	CPA	Open Active	The Board Chairman should reconsider and implement the recommendation.
4. The CPA Board Chairman should stop the adoption of proposed policies which will allow the use of CPA properties for purposes unconnected with port operations, such as the proposed "Land Use Policy" currently undergoing review by the CPA Board. Such policies, if adopted, will be in violation of the law. Should the law be amended in the future, CPA should establish written policies and procedures to ensure competition and maximize revenues, such as public announcement of the availability of idle land for short-term leases, and compliance with competitive bidding procedures.	CPA	Open Active	The Board Chairman should reconsider and implement the recommendation.
5. The CPA Board Chairman should prohibit transactions with board members, officials, employees, their relatives, and affiliated companies during their terms of office. Top level officials should be required to disclose their financial interests and familial relationships, and transactions with them should not be allowed.	CPA	Resolved Active	Provide copy of memorandum prohibiting transactions with CPA officials and employees.
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	Open Active	The Board Chairman should reconsider and implement the recommendation.
7. The CPA Board Chairman should establish written operating policies and procedures to ensure compliance of lessees with the terms and conditions of their leases and concession agreements. Lease operating policies and procedures	CPA	Open Active	The Board Chairman should reconsider and implement the recommendation.

Recommendation	Agency to Act	Status	Action Required
should include verification of gross earnings of lessees, designation of responsible official(s), and regular reporting to management.			
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 Active	Provide written description of procedures and copies of sample documents and reports generated by the system.
9. The CPA Board Chairman should renegotiate better terms and process the renewal (or termination, if warranted) of leases which have already expired, including those covered under "holdover" provisions. In the future, CPA should limit the duration of holdover periods through prompt renegotiation with lessees.	CPA	Open Active	The Board Chairman should reconsider and implement the recommendation
10. The CPA Board Chairman should provide documentation of corrective actions taken against the lessees who did not secure approval of sublease agreements and the companies who occupied CPA property without a valid lease agreement.	CPA	Open Active	The Board Chairman should reconsider and implement the recommendation.

Commonwealth Utilities Corporation

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

Date(s) of followup letter(s) sent : 7/3/95, 9/20/95, 11/29/96
Date(s) of response letter(s) received : 8/25/95, 10/3/95, 2/8/96, 12/27/96

Recommendation	Agency to Act	Status	Action Required
1. The CUC Executive Director should take action to recover the \$244,740.83 improperly paid to the former Executive Director relating to compensatory time payments and standby payments.	CUC	Resolved Active	CUC has forwarded the matter to AGO for their action. Provide the Office of the Public Auditor documentation showing amount recovered from the former Executive Director.
3. The CUC Executive Director should recover \$13,142.39 (net of \$21,000 received) mistakenly paid as a retirement bonus to the former Executive Director and reverse the approximately 4,500 hours improperly credited for retirement purposes.	CUC	Resolved Active	CUC has forwarded the matter to AGO for their action. Provide the Office of the Public Auditor documentation showing amount recovered from the former Executive Director.

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

Date(s) of followup letter(s) sent : 12/3/96
Date(s) of response letter(s) received : None

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

Recommendation	Agency to Act	Status	Action Required
<p>2. The CUC Executive Director should require the Comptroller to record the \$5,300 advance as a receivable and require the former Executive Director to return the amount.</p>	CUC	Resolved Active	<p>The Executive Director responded that the amount will be recorded and that CUC will request the Attorney General's Office to take action to collect the amount from the former Executive Director.</p> <p>OPA Comment</p> <p>CUC should provide OPA a copy of the journal voucher recording the amount, the request to the Attorney General, and the results of the actions taken.</p>
<p>3. The CUC Executive Director should require the former Executive Director to return \$7,333 for the expenses paid twice and in error. For the hotel expenses of other travelers paid by the former Executive Director, recover the \$8,526 from the other travelers because they received per diem for paying the hotel, but kept the money instead.</p>	CUC	Resolved Active	<p>The Executive Director responded that CUC will refer the matter affecting the former Executive Director to the Attorney General's Office and that CUC will require identified employees to return the \$8,526.</p> <p>OPA Comment</p> <p>CUC should provide OPA a copy of the letter referring the matter to the Attorney General and the results of actions taken. In addition, CUC should also provide OPA with the collection letters and the results of such collections made from the identified employees.</p>
<p>5. The CUC Executive Director should require the former Executive Director to justify and present supporting documents for the \$23,368 in questioned expenses. If no documentation can be presented, require the former Executive Director to return the amount.</p>	CUC	Resolved Active	<p>The Executive Director responded that CUC will refer the matter to the Attorney General's Office to pursue as part of its ongoing investigation.</p> <p>OPA Comment</p> <p>CUC should provide OPA a copy of the letter referring the matter to the Attorney General and the results of actions taken.</p>
<p>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</p>	CUC	Resolved Delinquent	<p>The Executive Director responded that CUC will implement specific policies regulating official representation and business entertainment expenses.</p> <p>OPA Comment</p> <p>CUC should provide OPA a copy of the policies and procedures.</p>

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

Northern Mariana Islands Retirement Fund

**1. Report No. AR-95-08 issued May 31, 1995
Audit of CNMI Group Health Insurance Program**

Date(s) of followup letter(s) sent : 7/6/95, 5/2/96,7/25/96 (to NMIRF),12/2/96
 Date(s) of response letter(s) received : 5/16/96, Extension requested by Secretary of Finance up to 6/30/96, 7/30/96, 12/6/96

Recommendation	Agency to Act	Status	Action Required
1. The Administrator of Retirement Fund should establish and implement written policies and procedures to review and adjust insurance contributions annually, to cover the cost of benefits and all other costs of administering the insurance program, and to maintain reserve funds. The policies should also include a statement on the insurance contribution share for the government and employees.	NMIRF	Resolved Active	Provide copy of written policies and procedures to review and adjust insurance contributions annually.
2. The Administrator of Retirement Fund should develop and implement written policies regarding the purposes of benefits and deductibles and procedures for making adjustments.	NMIRF	Resolved Active	Provide copy of written policies and procedures regarding the purposes of benefits and deductibles and procedures for making adjustments.
3. The Administrator of Retirement Fund should study the reasons for such a large backlog and develop a strategy for eliminating the backlog of claims processing.	NMIRF	Resolved Active	Provide copy of result of review of the reasons for the backlog and of strategies developed for its elimination.
4. The Administrator of Retirement Fund should evaluate the advantages and disadvantages of totally or partially privatizing the government health insurance program and determine if the CNMI government and employees will be benefitted.	NMIRF	Resolved Active	Provide results of evaluation of the advantages and disadvantages of totally or partially privatizing the GHI program.
5. The Administrator of Retirement Fund should develop and implement written policies and procedures on the computation of benefits and compliance with eligibility requirements.	NMIRF	Resolved Active	Provide copy of written policies and procedures on the computation of benefits and compliance with eligibility requirements.

Recommendation	Agency to Act	Status	Action Required
6. The Administrator of Retirement Fund should establish a program for reviewing the work of claim processors on a sample basis.	NMIRF	Resolved Active	Provide copy of program for reviewing the work of claim processors on a sample basis.
8. The Administrator of Retirement Fund should instruct the GHI Supervisor to prepare written guidelines (with sample computations) that clearly explain the correct way to compute insurance benefits. The assistance of a person familiar with the intent of plan or an insurance expert may be needed to ensure that the written guidelines reflect the correct interpretation of these provisions.	NMIRF	Resolved Active	Provide copy of written guidelines (with sample computations) that clearly explain the correct way to compute insurance benefits.

Public School System

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

Date(s) of followup letter(s) sent : 7/16/97
Date(s) of response letter(s) received : None

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

Tinian Casino Gaming Control Commission

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

Date(s) of followup letter(s) sent : 10/27/94, 11/18/94, 1/13/95, 7/6/95, 7/1/96, 12/2/96

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

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

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

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

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Independent Committees

**CNMI Labor Day Committee
CNMI Law Enforcement Week Committee**

Independent Committees

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

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

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

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

**2. Report No. LT-96-07 issued December 23, 1996
CNMI Law Enforcement Week Committee, Inc.
Audit and Investigation - Funds Misappropriated by the Treasurer**

Date(s) of followup letter(s) sent : 7/16/97

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

Recommendation	Agency to Act	Status	Action Required
1. The Chairman of the LEWCI should issue a memorandum officially relieving the Treasurer from her duties and requiring her to repay the \$600 she admitted to have taken from the LEWCI fund (Note: The Public Auditor's Investigation Section will directly refer the matter to the Office of the Attorney General for possible prosecution).	LEWCI	Resolved Active	The LEWCI Chairman should provide OPA a copy of the memorandum or letter relieving the Treasurer of her duties and requiring her to pay the \$600.
2. The Chairman of the LEWCI should establish written policies and procedures to control collections and disbursements. This should include policies and procedures on (a) issuance of official receipts, (b) certification of funds turned over to the Treasurer, (c) maintenance of cash receipts and disbursements records, (d) assignment of cash handling and recording functions to different officials, and (e) regular reporting of financial transactions to the Board.	LEWCI	Resolved Active	The LEWCI Chairman should provide OPA written policies and procedures for accounting and control of collections and disbursements of LEWCI funds.

APPENDIX - Acronyms Used

AGING	Office of Aging
AGO	Office of the Attorney General
AR	Audit Report
BGRT	Business Gross Receipt Tax
BMV	Bureau of Motor Vehicles
CAO	Carolinian Affairs Office
CDA	Commonwealth Development Authority
CFDA	Catalogue of Federal Domestic Assistance
CHC	Commonwealth Health Center
CJIS	Criminal Justice Information System
CLDC	CNMI Labor Day Committee
CNMI	Commonwealth of the Northern Mariana Islands
CONCON	Constitutional Convention
CPA	Commonwealth Ports Authority
CRM	Coastal Resources Management
CUC	Commonwealth Utilities Corporation
DCCA	Department of Community & Cultural Affairs
DDC	Developmental Disabilities Council
DEQ	Division of Environmental Quality
DL	Driver's License
DLNR	Department of Lands & Natural Resources
DOF	Department of Finance
DOI	US Department of the Interior
DOLI	Department of Labor & Immigration
DPH	Department of Public Health
DPL	Division of Public Lands
DPS	Department of Public Safety
DPW	Department of Public Works
EDP	Electronic & Data Processing
EEOC	Equal Employment Opportunity Commission
ESPR	Excepted Service Personnel Regulations
FAR	Federal Acquisition Regulations
FLSA	Fair Labor Standards Act
FS	Financial Statements
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GHI	Group Health Insurance
GOV	Office of the Governor
ID	Identification
IRS	Internal Revenue Services
LEWCI	CNMI Law Enforcement Week Committee, Inc.
LT	Letter Report
LWOP	Leave Without Pay

M/HLO	Marianas/Hawaii Liaison Office
MPLC	Marianas Public Land Corporation
MVB	Marianas Visitors Bureau
NAP	Nutrition Assistance Program
NMC	Northern Marianas College
NMIRF	Northern Marianas Island Retirement Fund
NMSCI	Northern Marianas Seafood Corporation, Inc.
OPA	Office of the Public Auditor
OPM	Office of Personnel Management
P&S	Procurement & Supply
PIC	Pacific Islands Club
PIDB	Pacific Islands Development Bank
PO	Purchase Order
PSPSRR	Public School Personnel System Rules and Regulations
PSS	Public School System
RHC	Rota Health Center
RMO	Rota Mayor's Office
SAA	Special Assistant for Administration
SAMB	Special Assistant for Management & Budget
TA	Travel Authorization
TCGCC	Tinian Casino Gaming Control Commission
TR	Travel Request
TV	Travel Voucher

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