

# Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

World Wide Web Site: <http://opacnmi.com>

2nd Floor J. E. Tenorio Building, Chalan Pale Arnold  
Gualo Rai, Saipan, MP 96950

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

E-mail Address:  
[mail@opacnmi.com](mailto:mail@opacnmi.com)

Phone: (670) 234-6481  
Fax: (670) 234-7812

## REPORT ON CNMI AGENCIES' IMPLEMENTATION OF AUDIT RECOMMENDATIONS AS OF JUNE 30, 2000 (with agency responses up to September 30, 2000 incorporated)

October 30, 2000

Interagency Audit Coordinating Advisory Group  
Saipan, MP 96950

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

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 or ignored.

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

For the first six months of the year 2000, the Office of the Public Auditor (OPA) issued 7 audit reports to various departments and agencies of the Commonwealth Government which set forth a total of 34 recommendations. The 34 additional recommendations made during the first half of the year were in addition to the 194 recommendations outstanding at the beginning of the year, making a total of 228 recommendations tracked as of June 30, 2000. Of the 228 audit recommendations, 42 were closed and 186 were either open or resolved. Of the 186 open or resolved recommendations, 159 were considered delinquent. Of the 159 delinquent recommendations, 31 pertain to recommendations from reports issued in 1999 to 2000 which became delinquent because agencies failed to take action on the recommendations and did not respond to the follow-up letters sent by OPA and 128 pertain to recommendations from reports issued in 1994 to 1998.



We have also included in the tracking system recommendations issued by private CPA firms. As of June 2000, we tracked eleven audit reports issued by CPA firms on the internal control structure and compliance with laws and regulations. For these audits, CPA firms made 115 recommendations, 5 of which are closed and 110 remain either open or resolved. Of the 110 open or resolved recommendations, 71 are considered delinquent.


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

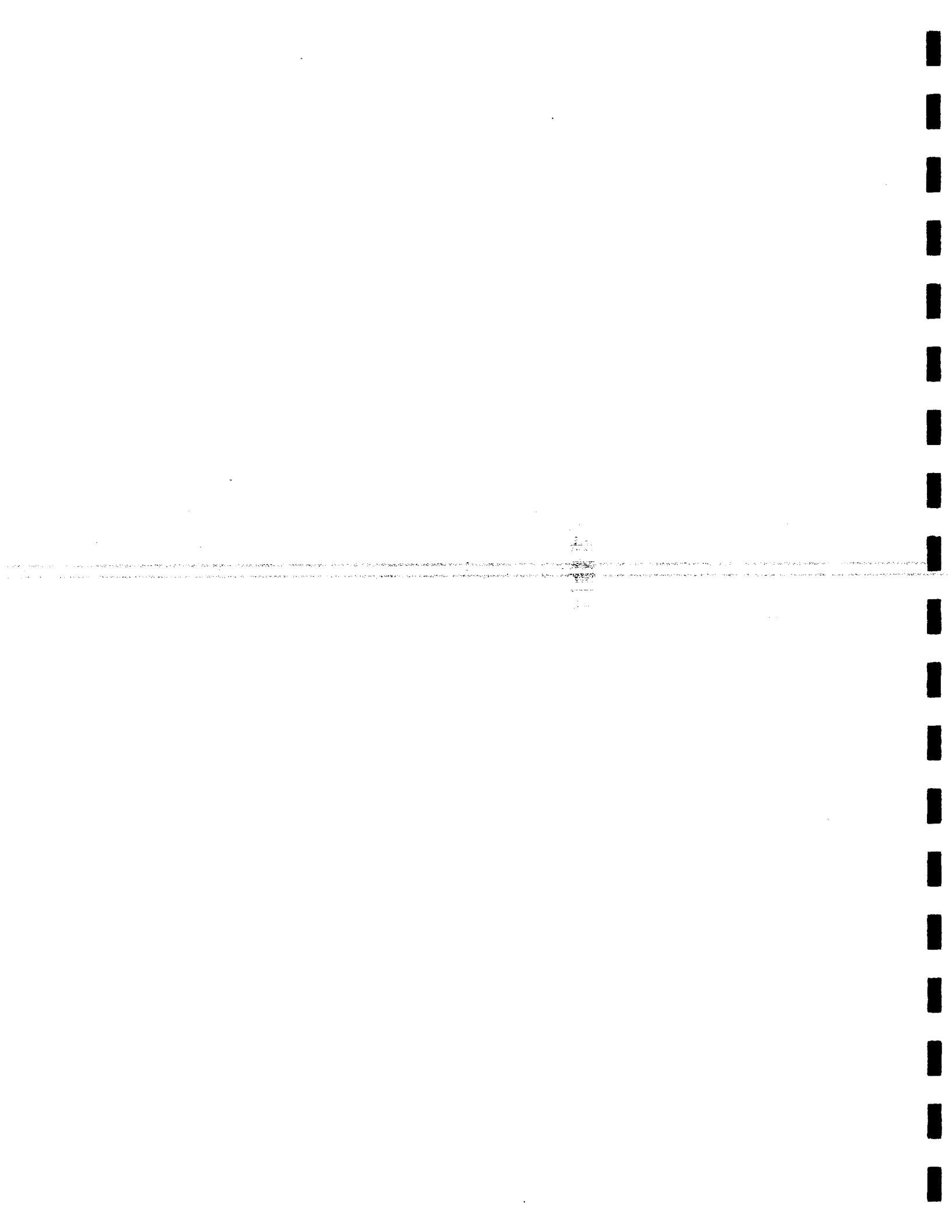
In early 1999, the Governor appointed the Secretary of the Department of Finance as the Chairperson of the Coordinating Group. The Secretary of the Department of Commerce was also named a member of the Coordinating Group to help pursue closure of open and resolved recommendations. On March 10, 1999, the Governor issued a memorandum advising all Department and Activity Heads to provide assistance to the Coordinating Group in resolving all outstanding recommendations.

In early 2000, the Coordinating Group met and decided to follow up on the actions taken by various government agencies to address OPA's outstanding audit recommendations by scheduling meetings with each Department Head. In February 2000, a meeting attended by the Secretary of Finance who is also the Chairperson of the Coordinating Group and the Public Auditor was held to discuss the actions to be taken to address the outstanding recommendations addressed to the Department of Finance (DOF). It was the intention of the Coordinating Group to subsequently hold similar meetings with other agencies. However, it was only in September 2000 that another meeting was held which discussed the outstanding recommendations pertaining to the Department of Public Safety (DPS). In that meeting, the Coordinating Group members agreed that weekly meetings with a particular government agency will be scheduled to discuss actions to be taken to close the outstanding recommendations pertaining to that agency. This report has taken into consideration the recommendations which were closed as a result of the meetings held with DOF and DPS. Weekly meetings for the month of October have already been scheduled. The results of those meetings will be considered in the next report on CNMI agencies' implementation of audit recommendations to be issued by the end of the year 2000.

We appreciate the actions taken by the Coordinating Group to assist OPA in the follow-up on the actions taken by various government agencies to address the outstanding audit recommendations. It is expected that this action will result in the closure of more recommendations for the rest of the year.

Sincerely,

  
Leo L. LaMotte  
Public Auditor, CNMI



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# Executive Branch Offices

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Office of the Governor  
Department of Community and Cultural Affairs  
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Department of Public Safety  
Department of Public Works

# Office of the Governor

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

Date(s) of followup letter(s) sent : 7/09/97, 11/12/97, 2/02/98, 9/17/98 (AGO) (DOF), 9/21/98 (DPH), 11/23/99 (DOF), 11/23/99 (DPH), 1/26/99 (AGO), 1/5/2000 (AGO), 7/6/00 (DPH), 7/13/00 (DOF), 9/14/00 (DOF)  
 Date(s) of response letter(s) received : 8/26/97 (M/HLO), 1/29/97 (DOF), 12/27/99 (DPH), 1/11/2000 (DOF), 7/16/00 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Liaison Officer should coordinate with the Secretary of Public Health to develop and implement written policies and procedures on ticket upgrades, hotel accommodations, and funeral services.	M/HLO and DPH	Resolved Delinquent	<p>In his December 27, 1999 response, the DPH Secretary stated that the policies and procedures regarding hotel accommodations are found in the Medical Referral Rules and Regulations Section X.5.5. Ticket upgrades will be addressed under Section X.5.3. A list of criteria will be developed by the Medical Referral Committee for inclusion in the mentioned section. We were also provided a memo dated February 10, 1998 regarding funeral service policies.</p> <p><i>Further Action Needed</i></p> <p>The response partially addressed the recommendation because we were provided with the funeral service policies. However, to close the recommendation, the DPH Secretary should amend Section X.5.5 on hotel accommodations to state the standard amount of hotel accommodations allowances for patients and escorts. In addition, the DPH Secretary should provide us a copy of Section X.5.3 of the Medical Referral Rules and Regulations on ticket upgrades which should include the criteria developed by the Medical Referral Committee as stated in the response.</p>
7. The Secretary of Finance should instruct the DOF-Travel Section to follow up collection of excess travel advances from the two non-government employees. Written policies and procedures regarding follow up and collection of long-	DOF	Resolved Active	<p>The Secretary of Finance responded on July 16, 2000 and requested OPA to provide the names of the two non-government employees. OPA provided the names of the two non-government employees in its letter to DOF on September 14, 2000 and provided further action needed to close the recommendation.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
outstanding advances from non-government employees should also be developed and implemented.			<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA written instructions to the DOF- Travel section to follow up collection of excess travel advances from the two non-government employees identified. DOF should also provide OPA written policies and procedures on collection of long outstanding advances from non-government employees. The policy should include requiring the Travel section to identify long outstanding advances and report names of delinquent non-government employees to the agency which granted the advances. Based on the report, agency heads should follow-up the individual's liquidation of advances and the collection of excess travel advances.</p>
10. The Secretary of Finance should develop and implement an accounts receivable subsidiary ledger system that can readily provide the status ( <i>i.e.</i> , current or past-due) and outstanding balances of amounts owed by individuals.	DOF	Resolved Active	<p>The Secretary of Finance stated in her July 16, 2000 response to OPA that the Accounts Receivable module of the JD Edwards system is being developed.</p> <p><i>Further Action Needed</i></p> <p>DOF should provide OPA a copy of the manual describing the automated accounts receivable subsidiary module of the JD Edward's system to close the recommendation.</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.	DOF	Resolved Active	<p>The Secretary of Finance responded on July 16, 2000 that DOF sent a memorandum to the Department of Public Health (DPH) requesting status of outstanding amounts identified because the expenses were charges against the Medical Referral account.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with the response from DPH to clarify the status of the receivables from the two families identified and pursue collection if still outstanding.</p>
12. The Secretary of Finance should establish written policies and procedures to resolve and adjust bank	DOF	Resolved Delinquent	<p>The Secretary of Finance concurred with the recommendation and stated that the conditions noted in the audit had already</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
reconciling items in a timely manner.			been corrected. There is an ongoing project to document all DOF policies and procedures, and the Reconciliation Section is to be included. A copy will be provided to OPA when completed.  <i>Further Action Needed</i>  The Secretary of Finance should provide OPA with a copy of these policies and procedures.

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

Date(s) of followup letter(s) sent : 2/02/98, 9/17/98, 11/23/99, 7/13/00 (DOF)  
Date(s) of response letter(s) received : 8/20/98 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. Stop payment of the additional billing of \$11,530 for work performed under the original contract after it was canceled. The billing should be disregarded for violation of the CNMI Procurement Regulations. The authorizing officials should be held responsible for any payment.	DOF	Resolved Delinquent	The DOF Secretary provided OPA a copy of the AGO's 8/20/98 legal opinion regarding MBG Management Services, Inc. The AGO advised DOF that no payment should be made in the amount of \$11,530 under the cancelled contract (Contract No. C60221-01). DOF, therefore, will not make any payment on the invoice on the basis of AGO's opinion.  <i>Further Action Needed</i>  The Secretary of Finance should provide OPA copy of the letter informing the Contractor that the billing for \$11,530 is being disregarded.
5. Reduce any future payments to MBG by \$21,365, which was paid in excess of the firm fixed price. In particular, the \$21,365 should be offset against the \$10,584 (under PO P68172) and \$12,309 (supplemental contract C70199) which are valid unpaid billings by the Contractor.	DOF	Resolved Delinquent	In the AGO's 8/20/98 legal opinion, it was stated that payment was, in fact made for PO P68172 and for supplemental contract C70199. According to DOF, the payments were made on the basis of AGO's opinion that the two pending invoices are separate contractual obligations from the original contract. The AGO, therefore, advised DOF that those separate obligations be paid.

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

OPA does not agree with the AGO's opinion. It is proper for the CNMI to withhold payment of \$22,893 unpaid billings to the Contractor (covered by purchase order and supplemental contract) as this is necessary to recover the earlier \$21,365 overpayment to the Contractor. The purchase order and supplemental contract were used only because no change orders to the original contract were possible that contract having been canceled. For this reason, it makes sense for the CNMI to withhold payment of so much of MBG's claim as is necessary to recover the earlier overpayment to the Contractor. The CNMI would be justified in paying MBG only \$1,528.

Nevertheless, since payment has been made on the \$22,893, the Secretary of Finance should still take action to recover the \$21,365 payment in excess of the firm fixed price by providing OPA copies of written documents showing action taken to recover the overpayment (e.g., collection letter and CNMI Treasury official receipts showing full recovery).

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

Date(s) of followup letter(s) sent : 9/17/98, 11/23/99 (DOF), 1/26/99 1/5/2000 (AGO), 7/13/00 (DOF)  
Date(s) of response letter(s) received : 2/00 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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2. Recover the \$35,125 in overpayments by requesting the Contractor to return the amount overpaid, and if the Contractor refuses, refer the case to the Attorney General for legal action.	DOF	Open Delinquent	The Secretary of Finance stated that Contract No. C60376 is the subject of pending litigation in the courts (Torres, et. al. v. Tenorio, C.A. 96-1200) which raised many of the same issues included in the audit report. She further stated that it
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Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. Adequately review the Contractor's billing statements before making payments. DOF should not rely solely on the accuracy of the billing statements submitted by contractors. Previous payments to contractors should be considered and all computations should be double checked. DOF should also determine the reasonableness of contractors' billings.</p>	DOF	Open Delinquent	<p>would be improper for her to comment on pending litigation until the issues are resolved in the courts.</p> <p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation pertained to accounting matters which could be immediately corrected by DOF. The \$35,125 overpayment should be immediately recovered as this represents improper payments to the Contractor.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of written documents showing action taken to recover the overpayment (e.g. collection letter and CNMI Treasury official receipts showing full recovery).</p>
<p>4. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures limiting advance payments and regulating costs (refer to OPA AR-97-05 report).</p>	DOF	Open Delinquent	<p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation pertained to internal control matters which could be immediately corrected by DOF. The inadequate review of contract payments should be immediately addressed to prevent improper payments in the future.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of written instructions to the DOF - Accounting Section regarding adequate review of the Contractor's billing statements before making payments.</p> <p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation referred to action that should be taken to improve government policies and procedures which can be pursued independently without waiting for outcome of the litigation.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of written policies and</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. Pursue revision of the CNMI Procurement Regulations which had been started and then suspended by the previous administration.	DOF	Resolved Delinquent	<p>procedures limiting advance payments and regulating costs.</p> <p>The recommendation does not require the resolution of the pending legal case before it can be addressed. The recommendation referred to action that should be taken to improve government policies and procedures which can be pursued independently without waiting for outcome of the litigation. The inadequate CNMI Procurement Regulations should be immediately addressed to prevent high level officials from taking advantage of their authority to favor contractors instead of the government.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA copies of the revised CNMI Procurement Regulations.</p>

# Department of Community and Cultural Affairs

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

Date(s) of followup letter(s) sent : 11/22/99, 7/6/00  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Develop and implement written policies and procedures regulating inventory control and accountability of all food stores.	DCCA	Open Delinquent	The DCCA Secretary requested OPA to furnish him the names of employees in question (because these were expunged from the report for confidentiality purposes).
2. Restrict employees from admittance and/or use of the facilities and vehicles for other than lawful government-approved business or activities.	DCCA	Open Delinquent	In our follow-up, we found that the Office had revised some of the forms regulating inventory control and accountability of all food items from the Office stores, and had restricted custody of keys to the Office kitchen and food stores. The existing procedures were still inadequate, however, because they did not establish inventory balance records where actual counts should be reconciled. Also, pursuant to our recommendation, the former Acting DCCA Secretary proposed an adverse action to terminate the employment contract of the former Accountant. The then-Acting Director of Personnel reviewed and supported the proposed adverse action. The proposal, however, did not materialize. Nevertheless, the former Accountant resigned/retired effective August 29, 1998. With regard to the Kitchen Supervisor, he was neither removed (which was the appropriate penalty for participating in the misuse of government properties based on personnel regulations) nor reprimanded.
4. Institute appropriate adverse actions against the Office's former Accountant and Kitchen Supervisor in accordance with personnel regulations.	DCCA	Open Delinquent	On August 12, 1998, a criminal case covered by this investigation was referred to the Attorney General's Office (AGO). On August 13, 1998, the suspect was charged in a criminal case concerning another violation of criminal law for theft of payroll, which was covered by a separate OPA investigation.



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

**Further Actions Needed**

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

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

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

# Department of Finance

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

Date(s) of followup letter(s) sent : 9/17/98, 11/23/99, 7/13/00  
 Date(s) of response letter(s) received : 10/22/98, 12/18/98, 2/10/99, 9/27/00

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. Recover from the Technical Financial Analyst the \$6,302 overpayment (\$5,975 for tardiness and absences, and \$327 excess overtime). The employee, however, should be given the option to offset his time-off against his annual leave in accordance with existing personnel regulations.</p>	DOF	Resolved Active	<p>DOF provided OPA with a letter dated 12/18/98 sent to the Technical Financial Analyst. In the letter, the DOF Secretary stated that the 79 hours annual leave balance of the employee amounting to \$1,616 will be used to settle a portion of the outstanding amount. The remaining balance of \$4,686 will be repaid through payroll deduction of \$200 per pay period for 23 pay periods beginning with pay period #1 in calendar year 1999. However, on 2/10/99 the DOF Secretary directed a suspension of payroll deductions from the Technical Financial Analyst pending resolution of his case with the Civil Service Commission (CSC).</p> <p>On September 27, 2000, DOF provided OPA a copy of the letter of the CSC to the Technical Financial Analyst which states that CSC considers the case closed because of inaction on the part of the Technical Financial Analyst to respond.</p> <p>We verified with DOF if the closure of the case by CSC would mean that DOF can now proceed with recovery of the overpayment. DOF informed OPA that they were advised by their Legal Counsel that collection of the overpayment can be done only through legal proceedings.</p> <p><i>Further Action Needed</i></p> <p>DOF should provide OPA documents from CSC showing basis for its opinion for not allowing DOF to collect the overpayment from the Technical Financial Analyst. In</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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addition, DOF should provide OPA its decision if legal actions will be taken against the Technical Financial Analyst.

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

Date(s) of followup letter(s) sent : 7/13/00  
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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1. Require the DOF-Accounts Payable Section of the Division of Finance and Accounting to strictly comply with its established control procedure for processing complaints of non-receipt of corporate tax rebate payments, in particular verifying if previous payment has been made before processing a new payment;

DOF

Resolved  
Active

The Secretary of Finance addressed Recommendations 1 and 2 by stating that a new tax system is currently being developed to give DOF the capability to automate processing of the corporate rebate tax returns. Because the annual returns will be entered and processed through the tax system, the rebate computations and preparation of rebate checks will be part of the automated process. Since the payment data are stored, the system will automatically flag a warning if a rebate check has already been issued to a particular corporation for a specific tax year. This process will ensure the detection of duplicate processing of a return and potential double payment of a tax rebate. The new tax system is expected to be completed by the summer of year 2000. DOF anticipates processing the 1999 tax returns using the new system.

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

Date(s) of followup letter(s) sent : 7/13/00  
Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. Address our pending recommendations relating to the development and implementation of written procedures and monitoring log sheets by DOF and lottery operators, to ensure that tickets printed and issued to agents are controlled and that sold and unsold tickets are accounted for on a regular basis.</p>	<p>DOF</p>	<p>Resolved Active</p>	<p>Recommendation 2 - The Secretary of Finance has developed procedures and monitoring log sheets for the Number Games (Jueteng) to ensure that tickets printed and issued to agents are controlled, and that sold and unsold tickets are accounted for on a regular basis. The procedures were included in the proposed amendments to the rules and regulations for the operation of the CNMI Lottery which were published in the Commonwealth Register on April 20, 2000. The procedures will be implemented upon DOF's adoption of the proposed amendments as published in the Commonwealth Register.</p>

<p>3. Determine the proper license that should be issued to Saipan Scratchies to operate the CNMI retail lotto services.</p>	<p>DOF</p>	<p>Resolved Active</p>	<p>Recommendation 3 - The Secretary of Finance issued a letter on April 27, 2000 to TMS requesting information on TMS's business relationship with Saipan Scratchies and the former PIL General Manager's involvement with TMS (these issues were originally raised in DOF's March 30, 2000 letter to TMS). The Secretary also asked if Saipan Scratchies is a full service retail agency of TMS. In response to DOF, TMS stated that "we are investigating our operation in Saipan, including distribution to ensure sales are returned to levels previously enjoyed. This includes assessing the agency arrangements and determining other viable opportunities."</p>
<p>4. Check whether JFF reported revenues from Mr. Demapan's operations in the computation of commissions remitted to DOF. If the revenues were not reported, the commissions due to the CNMI Government from the undeclared revenues, including interest and penalty, should be recovered immediately from JFF.</p>	<p>DOF</p>	<p>Open Active</p>	<p><i>Further Action Needed</i></p> <p>Recommendation 2 - Provide OPA a copy of the adopted rules and regulations for the operation of the CNMI lottery.</p> <p>Recommendations 3 and 4 - Provide OPA copies of the results of the review and supporting documents.</p>

## Department of Lands and Natural Resources

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

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

Date(s) of followup letter(s) sent : 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/18/98, 11/23/99, 7/6/00  
 Date(s) of response letter(s) received : None

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

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

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

Date(s) of followup letter(s) sent : Verbal follow-ups made through the telephone, 11/29/96, 12/3/96, 2/20/97 (AGO), 11/20/97, 9/17/98 (AGO), 3/3/98 (AGO), 9/18/98 (DLNR), 11/23/99 (DLNR), 1/26/99 1/5/2000 (AGO), 7/6/00 (DPL), 7/12/00 (AGO)

Date(s) of response letter(s) received : 11/14/95, 6/27/96, 4/4/97 (AGO), 9/11/97, 4/20/98 (AGO), 3/17/99 10/21/99 (DPL), 1/20/2000 (AGO), 6/2/00 (DPL), 9/27/00 (DPL)

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>and unsupported credit card charges, unless they can specifically identify the charges with MPLC official business and present supporting documents. If necessary, the Secretary of DLNR and the Director of DPL should seek the assistance of the Attorney General to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p>	DPL/AGO	Resolved Delinquent	<p>cardholders, <i>i.e.</i>, former Executive Director, Comptroller, and Tinian Board member, whereas the other two cardholders, <i>i.e.</i>, Former Board Chairman and Rota Board member, signed promissory notes with the AG's office for monthly payments to be sent to the Division of Public Lands.</p>
<p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General should take appropriate actions (<i>i.e.</i>, file a lawsuit) to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p>			<p>The case against the former Executive Director is ongoing and both sides have entertained settlement discussions. The case against the Comptroller is also on-going. However, the attorney for the Comptroller withdrew from the case.</p>
<p>2. <i>Original:</i> The Secretary of DLNR should recover from the cardholders the amount of \$45,698.</p>			<p>The AGO provided us a copy of the settlement agreement with the Tinian Board member for \$11,657 to be paid in monthly installments to DPL of \$250 beginning January 2000. As of August 31, 2000, the Tinian Board member has a balance of \$10,907.</p>
<p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should take appropriate actions (<i>i.e.</i>, file a lawsuit) to recover from the cardholders the amount of \$45,698.</p>			<p>As of August 31, 2000, the former Board Chairman has a balance of \$12,071.84 and the Rota Board member has a balance of \$18,673.29 on the promissory notes.</p>
<p>4. <i>Original:</i> The Secretary of DLNR should review and evaluate whether charges for official representation expenses were properly chargeable to MPLC and recover improper charges from the former Executive Director.</p>	DPL/AGO	Resolved Delinquent	<p>Recommendations 1, 2 and 4 - AGO should provide OPA copy of lawsuits filed against the former Executive Director and Comptroller.</p>
<p><i>As Revised and Redirected to the Attorney General's Office -</i> The Attorney General's Office should take appropriate actions (<i>i.e.</i>, file a lawsuit) to recover improper representation expense charges from the former Executive Director.</p>			<p>DPL should provide OPA the ledgers for the Tinian Board member who signed the settlement agreement and the former Board Chairman and Rota Board member who both signed promissory notes until full amount has been collected.</p>
<p>5. The Secretary of DLNR should develop and implement written policies and procedures that clearly indicate the circumstances where official</p>	DPL	Resolved Delinquent	<p>The DPL Director responded on March 17, 1999 that the Board of Public Lands deferred the approval of the proposed procedure on "Official Representation" by the expenditure</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>representation expenses are allowed and the manner in which they should be documented to ensure that the expenses are reasonable and incurred in the best interest of the CNMI.</p>			<p>authority.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of DLNR and the Director of DPL should provide OPA a copy of the written policies and procedures.</p>
<p>6. The Secretary of DLNR should instruct the current Comptroller to determine the correct balance of the travel advance account, and forward advances not reimbursed to DOF for collection. The remaining travel advance balances of cardholders/travelers still working with the Government should be recovered through salary deduction. For employees/officials who no longer work for the Government, the assistance of the Attorney General should be sought to collect the outstanding balances.</p>	DPL	Resolved Active	<p>As of August 31, 2000, the former Board Chairman has a balance of \$12,071.84 and the Rota Board member has a balance of \$18,673.29 on the promissory notes.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of DLNR and the Director of DPL should provide OPA proof (i.e., official receipts) of collection from the former Board Chairman and the Rota Board member who pay directly to DPL monthly until the full amount has been paid.</p>

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

Date(s) of followup letter(s) sent : 12/4/96, 11/20/97, 9/18/98, 4/21/99, 11/23/99, 7/6/00  
 Date(s) of response letter(s) received : 12/4/96, 12/12/96, 9/11/97, 2/25/99, 3/17/99

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>6. The Secretary of DLNR should issue a memorandum directing the Controller to (a)instruct its staff members to provide adequate detail in the accounts receivable subsidiary ledger for the period being paid by lessees (such as the months involved), and (b) conduct a regular review of the subsidiary ledgers to ensure accuracy and completeness of recorded transactions.</p>	DLNR	Open Delinquent	<p>On February 25, 1999, the DPL Director responded that effective October 1, 1998, new receivable subsidiary ledgers were created which contain current transactions through the acquisition of Peachtree accounting software. However, prior period transactions in the old subsidiary ledgers need to be analyzed and reconciled.</p> <p><i>Further Action Needed</i></p> <p>We will monitor the progress of the accounts receivable ledger reconciliation to ensure that it will eventually address our</p>

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

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

Date(s) of followup letter(s) sent : 12/4/96, 11/20/97, 3/3/98 (AGO), 9/17/98, 11/23/99, 1/26/99 1/5/2000 (AGO), 7/12/00 (AGO)  
 Date(s) of response letter(s) received : 4/4/97(AGO), 9/11/97, 3/10/98 4/20/98 (AGO), 1/20/2000 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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<p>1. <i>Original:</i> - The Secretary of DLNR should terminate APEX's lease of the Garapan Fishing Base and instruct the DPL legal Counsel to: (a) initiate legal proceedings to collect rentals due from APEX and Ship Ashore Restaurant, (b) recover from the former NMSCI President all payments collected from H &amp; H Enterprises for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Birdie's Restaurant, and (c) notify Ship Ashore to pay rentals directly to DPL on a month-to-month basis.</p>	<p>DLNR - Redirected to the Attorney General's Office</p>	<p>Resolved Delinquent</p>	<p>On March 10, 1998, the Attorney General's Office provided OPA documents showing collection of the \$338,910.63 representing rentals due from APEX International Corporation. However, the Attorney General's Office is still considering whether to bring action against Ship Ashore and against the former NMSCI President. In view of this, OPA only closed the portion of the recommendation pertaining to APEX.</p>
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On January 20, 2000 the AGO responded that it does appear that some recovery action is warranted. However, further investigation is required to determine who should be named in a lawsuit. If ever litigation is to be filed, probable filing date will be February or March of 2000.

**Further Action Needed**

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

*As Revised and Redirected to the Attorney General's Office:* The Attorney General's Office should: (a) initiate legal proceedings to collect rentals due from APEX and Ship Ashore Restaurant, (b) recover from the former NMSCI President all payments collected from H & H Enterprises for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Birdie's Restaurant, and (c) notify Ship Ashore to pay rentals directly to DPL on a month-to-month basis.

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

Date(s) of followup letter(s) sent : 7/6/00

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

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

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

# Department of Public Health

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

Date(s) of followup letter(s) sent : 6/23/97, 7/16/97, 2/02/98, 9/17/98 (DOF), 9/21/98 (RMO), 11/23/99 (DOF), 11/29/99 (RMO), 7/6/00 (RMO), 7/13/00 (DOF)  
 Date(s) of response letter(s) received : 6/16/97 (RMO), 2/24/98 (RMO), 7/19/00 (RMO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Secretary of Finance should require the current Director of RHC to return the amount of \$4,282.02 taken from RHC funds.</p>	<p>DOF</p>	<p>Resolved Delinquent</p>	<p>The Secretary of Finance responded that he would request the Mayor of Rota to adopt the finding and, through the Resident Department Head of Finance, make arrangements to recover RHC funds in the exact amount from the RHC Director, by the most appropriate means not later than February 28, 1997.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p>The Secretary of Finance should provide OPA a copy of the memo requiring the current Director of RHC to return the amount taken from RHC funds and the results of the arrangements made with the Rota Resident Department Head of Finance to recover said amount. In addition, since the Mayor of Rota indicated reluctance to implement this recommendation the Secretary of Finance should take a more active role in assuring that the money is returned such as requiring the Resident Department Head of Finance to take the required action.</p>
<p>2. The Secretary of Finance should deny the \$5,000 claim for repairs, and the \$4,000 amount claimed for a non-existent lease extension.</p>	<p>DOF</p>	<p>Resolved Delinquent</p>	<p>The Secretary of Finance responded that he would request the Mayor of Rota to adopt the findings and, through the Resident Department Head of Finance, deny the claims not later than February 28, 1997.</p> <p style="text-align: center;"><b>Further Action Needed</b></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	Agency Response/ Additional Information or Action Required
4. The Secretary of Finance should deny the claim of the Director of RHC for reimbursement of the cost of the washing machine.	DOF	Resolved Delinquent	<p>In addition, since the Mayor of Rota indicated reluctance to implement this recommendation, the Secretary of Finance should take a more active role in assuring that the money is returned, such as by directing the Resident Department Head of Finance to take the required action.</p> <p>The Secretary of Finance responded that he would request the Mayor of Rota to adopt the findings and, through the Resident Department Head of Finance, deny the claims not later than February 28, 1997.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA a copy of the memo requesting the Mayor of Rota through the Resident Department Head of Finance to deny the claims.</p>
5. The Mayor of Rota should consider what administrative sanctions should be applied for violation of the ethical standards.	RMO	Resolved Delinquent	<p>The Mayor of Rota responded on July 19, 2000 that the RHC Director was given the opportunity to resubmit the purchase requisition and "start over" as it were to do the transaction correctly. The documents provided to OPA by the Mayor of Rota was an invoice statement dated 8/18/97 which is the same date as the proof of purchase. However, the washing machine was transferred to RHC in June of 1996 which is inconsistent with the date in the documents presented.</p> <p><i>Further Action Needed</i></p> <p>The Mayor of Rota should provide OPA valid proof to justify the purchase and allow DOF to judge fairly if the RHC Director should be paid for the washing machine.</p>

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

Date(s) of followup letter(s) sent : 7/09/97, 2/09/98, 9/10/98, 9/10/98 (DPH), 9/17/98 (DOF), 10/23/98 (DDC), 11/23/99 (DPH) (DOF), 7/6/00 (DPH), 7/13/00 (DOF)

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. <i>As Revised and Redirected to DOF:</i> The Secretary of Finance should deduct any unpaid balance of the \$1,088 charges for personal calls and \$1,086 advance from the final payroll check or any other funds due to the Executive Director. Also, the Secretary of Finance should instruct the Travel Section to strictly comply with DOF Manual of Procedures and Policies relating to travel and transportation, particularly on enforcing immediate return of travel advances if travel is canceled.</p>	DOF	Resolved Delinquent	<p>The Secretary of Finance concurred with the recommendation, and provided documents which showed deduction of unpaid balance of charges for personal calls and travel advances totaling \$488 and \$486, respectively, from the Executive Director's final net pay check. Also, he stated that the Travel Section will be instructed to recover advances for canceled trips in one automatic payroll deduction unless the advance amount exceeds the employee's net pay. In this case, a series of deductions will be used to recover the full amount of the advance.</p> <p><i>Further Action Needed</i></p> <p>No additional action required from the Secretary of Public Health. The Secretary of Finance should provide OPA with a copy of this memorandum.</p>
<p>6. The Secretary of Public Health should ensure that local funds are not used to supplement funds no longer available from the federal government, and admonishing the former Secretary of Public Health and OMB officials for violating the CNMI Planning and Budgeting Act.</p>	DPH	Resolved Delinquent	<p>The Secretary of Public Health concurred that a memorandum will be issued to all Division Directors.</p> <p>On December 16, 1999, the Developmental Disabilities Council (DDC) Executive Director responded that they did not receive any memorandum from the DPH Secretary.</p> <p><i>Further Action Needed</i></p> <p>The DPH Secretary should provide OPA with a copy of the memorandum.</p>
<p>7. <i>Original</i> - The Secretary of Public Health should take action to recover the retroactive salary increase of \$3,600 improperly paid from local funds to the</p>	DOF	Resolved Delinquent	<p>The DDC Executive Director responded that the Region IX Federal Agency overseeing the Developmental Disabilities basic State Grants' allotments did not approve any</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>former DDC Executive Director.</p> <p><i>As Revised and Redirected to DOF-</i> The Secretary of Finance should bill the former Executive Director for the remaining balance owed of \$764.40.</p>			<p>retroactive salary increase using previous fiscal years' budget for the following fiscal year. The former Executive Director paid \$2,835.60 to revert back to the Department of Public Health, with a balance of \$764.40 for collection by the Department of Finance.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should bill the former Executive Director for the remaining balance owed of \$764.40.</p>
<p>13. The Secretary of Public Health should coordinate the activities of DDC by performing a periodic review of DDC's program operations and administrative services.</p>	DPH	Resolved Delinquent	<p>On December 16, 1999, the DDC Executive Director responded that the Developmental Disabilities Assistance and Bill of Rights Act of 1994 did not specifically mandate that the Designated State Agency coordinate the activities or perform periodic review of DDC.</p> <p><i>Further Action Needed</i></p> <p>In view of the many improprieties noted in the audit of the DDC, it is OPA's opinion that oversight by DPH is necessary to be determined by the Secretary of DPH, not DDC. Therefore, OPA is pursuing its recommendation that the DPH Secretary should establish a process for coordinating the activities of DDC.</p>
<p>14. The Secretary of Public Health should enforce compensation of the DDC Executive Director as a division director and not as a department or agency head.</p>	DPH	Resolved Delinquent	<p>On December 16, 1999, the DDC Executive Director responded that although the findings of OPA was concurred by the legal opinion of the AGO, DDC and its federal grantor still disagree with the recommendation. It is the opinion of DDC that the redesignation of DDC from being an agency under the Office of the Governor to being under DPH is a clear violation of the 1994 amendment of the DD Act. DDC and its federal grantor believes that DDC has the independent authority to operate as an agency with its own staff.</p> <p><i>Further Action Needed</i></p> <p>In view of the many improprieties noted in the audit of the DDC, it is OPA's opinion</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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that oversight by DPH is necessary to be determined by the Secretary of DPH, not DDC. Therefore, OPA is pursuing its recommendation that DDC should be considered a program or at most a division level of DPH because of its organization as well as its functions.

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

Date(s) of followup letter(s) sent : 9/17/98 (DOF), 9/21/98 (DPH), 11/23/99 (DPH) (DOF), 7/6/00 (DPH), 7/13/00 (DOF)  
Date(s) of response letter(s) received : 12/27/99 (DPH) (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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1. The Secretary of Public Health instruct the Medical Referral Officer to document the negotiations with Straub through a Memorandum of Understanding.

DPH Resolved Delinquent

On December 27, 1999, the DPH Secretary responded that Straub is reviewing the Memorandum of Understanding.

*Further Action Needed*

The Secretary should submit a copy of the Memorandum of Understanding to OPA upon completion.

2. The Secretary of Public Health instruct the Medical Referral Officer to reflect the \$19,892 adjustments in its reconciliation schedules, and update Straub on the current status of the reconciliation by providing it copies of the adjusted reconciliation schedules.

DPH Resolved Delinquent

On December 27, 1999, the DPH Secretary responded that the \$19,892 adjustment is under review by Straub.

*Further Action Needed*

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

3. The Secretary of Health instruct the Medical Referral Officer to request Straub to submit the necessary supporting documents to complete review of the \$414,027 in unprocessed claims.

DPH Resolved Delinquent

On December 27, 1999, the DPH Secretary responded that this request is already included in the Memorandum of Understanding under review by Straub.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<i>Further Action Needed</i>
			The Secretary should submit a copy of the Memorandum of Understanding to OPA upon completion which includes the results of review of the \$414,027 in unprocessed claims.
4. The Secretary of Health instruct the Medical Referral Officer to inform Straub to cancel \$219,024 in medical claims which had already been paid and \$74,090 in medical claims which were found to be properly chargeable to patients instead of MRO. Also, Straub should be instructed to offset the net overpayments of \$9,331 against outstanding claims, and adjust the mathematical errors of \$192	DPH	Resolved Delinquent	On December 27, 1999, the DPH Secretary responded that this request is already included in the Memorandum of Understanding, under review by Straub.
			<i>Further Action Needed</i>
			The Secretary should submit a copy of the Memorandum of Understanding to OPA upon completion which includes results of the review of the necessary adjustments as stated in our recommendation.
5. The Secretary of Public Health should instruct the Medical Referral Office to adopt measures to prevent the recurrence of disagreements over long outstanding claims. For example, MRO can perform reconciliation procedures on a quarterly basis.	DPH	Resolved Delinquent	On December 27, 1999, the DPH Secretary responded that a new database system was installed and became operational at the beginning of fiscal year 1998.
			<i>Further Action Needed</i>
			The Secretary should document the above methods by preparing written policies and procedures. A copy should be submitted to OPA upon completion.
6. The Secretary of Finance instruct the responsible DOF employees to facilitate payment of the \$114,772 in processed claims submitted by MRO.	DOF	Resolved Delinquent	The Secretary of Finance responded on 12/27/99 that DOF needs to verify the claims because its records showed that a total of \$1,035,000 has been paid to Straub in FY 1998 and \$123,000 in FY 1999. The \$114,772 in claims may have been included in the \$1,035,000 payment.
			<i>Further Action Needed</i>
			Provide OPA results of verification to determine if the \$114,772 in processed claims has been paid.

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

Date(s) of followup letter(s) sent : 11/23/99 (DPH), 11/26/99 (OPM), 2/28/00 (OPM), 7/6/00 (DPH) (OPM)  
Date(s) of response letter(s) received : 12/20/99 (OPM), 12/22/99 (DPH)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. The Secretary of Public Health should prepare the necessary adjustments to correct the salaries of the three social worker employees whose salaries exceed the rates provided by the regulations.</p>	OPM	Resolved Delinquent	<p>On December 20, 1999, the Director of Personnel Management responded that she does not consider corrective action to the salaries of two of the three social worker employees to be necessary or appropriate. The Director identified the lack of documentation in justifying the original hiring salaries of the two employees to be the main problem. However, this deficiency has been corrected by the DPH Secretary's September 16, 1999 letter to the OPM Director which provided explanations and justifications for the hiring of two of the three employees in question.</p> <p>OPA responded to OPM on February 28, 2000 stating that the September 16, 1999 letter of the Secretary of Health providing justification is irrelevant. Necessary adjustments to correct the salaries of the three social worker employees mentioned in the audit report should be made to apply the CNMI personnel system's policy of granting equal compensation for equal work and variations in pay in proportion to employees' qualification.</p> <p><i>Further Action Needed</i></p> <p>The Director of Personnel should reconsider and implement the recommendation.</p>
<p>3. Ensure that DPH employees are compensated equitably. The salaries of the three social worker employees should be adjusted to reflect the appropriate salaries based on their qualifications and responsibilities.</p>	DPH	Resolved Delinquent	<p>The DPH Secretary provided us with a 12/22/99 memorandum from the Director of the Division of Mental Health and Social Services. In the memorandum, the Director expressed his concern about the negative consequences that might occur if the Division were to comply with the recommendation. In addition, the DPH Secretary in a letter to the OPM Director</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>dated September 16, 1999 provided explanations and justifications for the hiring of two of the three employees in question.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Public Health should reconsider and implement the recommendation and provide OPA copies of documents showing adjustments in the salaries of the three social worker employees.</p>

# Department of Public Safety

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

Date(s) of followup letter(s) sent : 12/30/94, 2/23/95, 7/7/95, 10/6/95, 5/3/96, 12/3/96, 2/02/98, 9/18/98, 11/23/99, 7/6/00  
 Date(s) of response letter(s) received : 2/14/95, 2/23/95, 7/28/95, 10/2/95, 10/12/95, 10/27/95, 12/11/96, 1/7/97, 8/22/00, 9/26/00 (meeting with Coordinating Group)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. The Director of BMV should assign one staff member to control records kept in, and access to, the storeroom. The assigned staff should label and systematically arrange the boxes of documents to facilitate retrieval when necessary.	DPS	Resolved Delinquent	The duties and responsibilities of BMV employees provided to us in October 1995 showed that the DL supervisor oversees the filing, maintenance and control of drivers' licenses. However, there was no detail of what documents are to be kept in the storeroom and the procedures for filing them. Accordingly, the Commissioner of DPS should provide (1) written procedures detailing the required procedures to control records in the storeroom, and (2) target implementation date. A copy should be provided to OPA.
12. The Commissioner of DPS should require the CJIS programmer to modify the database program for drivers' licenses to allow the accumulation of historical data.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation.
13. The Commissioner of DPS should require the CJIS programmer to modify the driver's license database program to improve the processing and maintenance of drivers' license records. The program should be able to accept entry of data from the application and be able to print that data on the drivers' license cards. The data should be automatically added by the program to the database file. If necessary, the DPS can seek assistance from the EDP programmers at the Department of Finance.	DPS	Resolved Delinquent	The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996,
16. The Commissioner of DPS and Director	DPS	Resolved	The Commissioner of DPS should provide

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>of BMV should develop and implement a plan to fully utilize the computer system for vehicle registration. The plan should include (a) recording of vehicle registrations at the BMV instead of bringing the registration files to the CJIS, (b) reconciling the database file with the manual logbook, and (c) requiring inquiry of vehicle registrations using the computer after the database has been reconciled with the logbook.</p>		Delinquent	<p>to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, the vehicle registration programs are included in the current law enforcement Management System and would begin implementation in early February of 1997.</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 Delinquent	<p>The Commissioner of DPS should provide to OPA (1) a target implementation date, and (2) a status report on the implementation of the recommendation. Per DPS letter dated December 11, 1996, the vehicle registration programs are included in the current law enforcement Management System and would begin implementation in early February of 1997.</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 Delinquent	<p>The Commissioner of DPS should provide to OPA (1) a copy of the written procedures, and (2) target implementation date. Per DPS letter dated December 11, 1996, the vehicle registration programs are included in the current law enforcement Management System and would begin implementation in early February of 1997.</p>

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

Date(s) of followup letter(s) sent : 12/3/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00 (DOF)  
Date(s) of response letter(s) received : None

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

# Department of Public Works

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

Date(s) of followup letter(s) sent : 2/7/96, 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00 (DOF)  
Date(s) of response letter(s) received : 2/29/96, 3/4/96, 7/26/96, 12/20/96

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. The Director of Procurement and Supply should issue a directive to DPW emphasizing the necessity for compliance with CNMI Procurement Regulations.	DOF	Resolved Delinquent	The Director of Procurement and Supply responded that he would issue a directive to the Secretary of DPW mandating him to comply with the CNMI Procurement Regulations in all future A&E services procurement.  <i>Further Action Needed</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 Delinquent	The Director of Procurement and Supply stated in his response that adequate documentation of all bid and proposal evaluation is now an ongoing practice at DPW. However, he will re-enforce this requirement by participating and scrutinizing all bid and proposal evaluations.  <i>Further Action Needed</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. AR-00-01 issued April 13, 2000  
Audit of the Land Survey Contract for the  
Tinian Road Resurfacing Project  
Fiscal Year 1997**

Date(s) of followup letter(s) sent : 7/3/00 (DPW), 7/12/00 (AGO), 7/13/00 (DOF)  
Date(s) of response letter(s) received : 5/10/00 (DPW)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. Consider filing legal action against government officials who approved the award of C&A's contract, particularly the former Director of P&S and the then-Acting DPW Secretary who certified that C&A's contract did not waste or abuse public funds.	AGO	Open Active	<p>AGO responded that the recommendation warrants further investigation, including a review of the criminal plea in this matter as well as interviews with certain individuals involved in the contract.</p> <p><i>Further Action Needed</i></p> <p>The AGO should notify OPA of its planned legal action against the officials who improperly approved C&amp;A contract.</p>
4. Take adverse action against C&A for misrepresenting to the government that it had performed all the work required under its contract and for receiving payment for work which it failed to do, including the debarment of C&A from participating in future government solicitations.	DOF	Resolved Active	<p>The DOF Secretary issued a memorandum dated March 12, 2000 requesting the Attorney General's Office to render an opinion on whether a notice of debarment can be issued in this case. The DOF Secretary stated that her office will act accordingly upon receipt of the AGO's response.</p> <p><i>Further Action Needed</i></p> <p>The DOF Secretary should provide OPA a copy of the AGO's opinion when she receives it. If the AGO determines that C&amp;A should be debarred, the DOF Secretary should provide OPA a copy of the notice of C&amp;A's debarment.</p>
5. Continue to take necessary steps to recover the \$164,534 improper payments made to C&A, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole contract price of \$229,438 on the basis that C&A's contract was invalid may be undertaken	DOF	Open Active	<p>The DOF Secretary requested AGO's assistance in getting information on the Federal Court case involving C&amp;A's contract. The DOF Secretary stated that her office will proceed with the recommendation after the Federal Court's decision.</p> <p><i>Further Action Needed</i></p> <p>The DOF Secretary should inform OPA as</p>

in lieu of the approach taken above where recovery would be based on the overpayments made to C&A.

soon as possible of its planned action to recover the improper payments from C&A after the Federal Court has imposed sentence in the mail fraud case.

# Municipalities

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Offices of the Mayors

# Municipality of Saipan

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

Date(s) of followup letter(s) sent : 11/29/99, 7/6/00  
 Date(s) of response letter(s) received : None

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. Comply with the CNMI Personnel Policies and the FLSA by disallowing the accumulation and use of compensatory time by executive, professional, and administrative employees.	SMO	Resolved Delinquent	<p>The Mayor disagreed with the recommendation to comply with the CNMI PSSRR and cited Civil Action 91-32. It was argued in Civil Action 91-32 that the Mayor's office is not within the Executive Branch and therefore not within the authority and scope of the Civil Service Commission. The Mayor concurred with the part of the recommendation to disallow compensatory time for administrative, professional and executive employees except when employees are required to perform other duties not within their job description. The Acting Chief Administrative Officer explained that if the recommendation is implemented, SMO will not allow overtime to FLSA-exempt employees but will authorize exceptions such as during the Annual 4th of July celebration where exempt employees will be allowed to accrue compensatory time.</p> <p>OPA agrees that SMO is not within the authority of the Civil Service Commission; however, we still believe that as a part of the CNMI government, SMO should establish personnel policies and procedures consistent with the CNMI Personnel Policies and the FLSA.</p> <p>Civil Action 91-32 does not prohibit SMO from implementing personnel policies and procedures which are the same as those established by the CNMI Government. We therefore amend our recommendation to</p>

**Recommendation**

**Agency  
to Act**

**Status**

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

add that the Mayor may make exceptions in granting compensatory time to overtime-exempt employees. However, accrual of compensatory time should be at the regular rate, not at the time-and-one-half rate.

*Further Action Needed*

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

# Municipality of Rota

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

Date(s) of followup letter(s) sent : 12/5/96, 2/02/98, 9/17/98, 11/23/99 (DOF), 1/26/99 1/5/2000 (AGO), 7/13/00 (DOF)  
 Date(s) of response letter(s) received : 6/11/97 (DOF), 6/16/97 (RMO), 9/19/00 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
10. The Secretary of Finance should instruct the Payroll Section to adjust the leave balances of the employees noted in the report.	DOF	Resolved Active	On September 19, 2000, the Secretary of Finance responded that the five employees noted in the audit are no longer employed at the Rota Mayor's Office. Three of the five employees are at other agencies in Rota and two are no longer employed by the government. The Secretary of Finance stated that DOF has no authority to adjust leave balances for employees without approval from the Director of Personnel.  <i>Further Action Needed</i>  The Secretary of Finance should take action to seek the approval of the Director of Personnel to enable DOF to provide OPA with a copy of the documents showing adjustments made to three of the five employees still employed with the government.

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

Date(s) of followup letter(s) sent : 11/23/99 (LEGBUREAU), 1/26/99 1/5/2000 (AGO), 7/6/00 (Legislature)  
 Date(s) of response letter(s) received : 3/25/99 (RMO), 6/14/99 (OPM)

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

# Municipality of Tinian

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

Date(s) of followup letter(s) sent : 7/16/96,11/29/96,12/3/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00 (DOF)  
Date(s) of response letter(s) received : None

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

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

Date(s) of followup letter(s) sent : 3/28/96,11/25/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00  
Date(s) of response letter(s) received : 6/11/97, 9/27/00

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. The Secretary of Finance should direct the Department of Finance on Saipan and on Tinian to reconcile the fund balance shown in their records at least on a weekly basis, because maintaining an accurate fund balance is necessary for effective budgetary control.	DOF	Resolved Active	The Secretary of Finance should provide the Office of the Public Auditor a copy of the reconciliation procedures to be developed by DOF.
7. The Secretary of Finance should direct the head of the Tinian Procurement Office to maintain an updated record of capital	DOF	Resolved Delinquent	The Secretary of Finance should provide OPA (1) a copy of the memo directing the Tinian Procurement Office to establish a



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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.			schedule for conducting inventories of government capital assets on Tinian and (2) a copy of the inventory results and actions taken.

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# CNMI-Wide Audits

Single Audits  
Compliance with Laws and Regulations

# CNMI-Wide Audits

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

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>External Financial Reporting</i>			
8. The CNMI should conform with GASB Statement No. 14 by obtaining audited financial statements of the following entities: Commonwealth Government Employees Credit Union, Northern Marianas College and Public School System, for inclusion within the general purpose financial statements.	DOF	Resolved Delinquent (Outstanding since FY 1998 Single Audit)	According to DOF, OPA has been working with the autonomous agencies noted to bring their annual audits current.  <b>Further Action Needed</b>  Provide copy of actions taken to bring annual audits current.
2. OMB should develop a budget strategy in order to finance the deficits within the Human Resources Development Trust Fund (HRDTF).	DOF	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	According to DOF the deficit position of HRDTF was reduced by \$703,165 (55%) during FY99. FY2000 projections would reduce the deficit to about \$115,000 and will eventually be eliminated by FY2001 if legislative appropriations were at the same level as FY2001.  <b>Further Action Needed</b>  Provide OPA information as to the deficit position of the HRDTF until deficit has been fully eliminated.
<i>Cash and Cash Equivalents</i>			
3. DOF should reconcile all bank accounts to the general ledger on a monthly basis and record resulting adjustments in a timely manner.	DOF - Treasury and Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	The NAP account reconciliation has been transferred from NAP to the DOF Reconciliation Section.  <b>Further Action Needed</b>  DOF should provide OPA copy of updated general and payroll account reconciliations of NAP.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Receivables</i>			
4. DOF should review all outstanding receivables from federal agencies for propriety and collectibility.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of results of review of grant receivable balances, as stated in auditee response.
5. CHC should implement procedures to ensure that all billings are processed on a timely basis, and that standard procedures are implemented to follow-up on aged accounts. Accounts determined to be uncollectible should be written off.	DPH - CHC	Resolved Delinquent (Outstanding since FY 1995 Single Audit)	Provide OPA an update of the status of actions taken until full implementation of a modern billing and collection system that will address the recommendation.
6. DOF should obtain a written agreement from the TCGCC indicating its obligation to repay the funds advanced and the time frame for repayment.	DOF	Resolved Delinquent (Outstanding since FY 1997 Single Audit)	Provide OPA copy of written repayment agreement with the TCGCC, as stated in auditee response.

*Inventory*

8. CHC should establish policies and procedures to ensure timely reconciliation of the physical inventory count to the general ledger inventory balances.	DPH - CHC	Open Delinquent (Outstanding since FY 1994 Single Audit)	According to DPH, they are aware of the problems with the inventory accounts and will work with DOF to correct the discrepancies.  <i>Further Action Needed</i>  Provide OPA with copy of actions taken to correct the discrepancies as stated in auditee response.
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*Advances*

9. DOF should review all advances outstanding for more than one year, evaluate their collectibility, and write off any amounts deemed uncollectible.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, automated subledgers by traveler for travel advance accounts have been implemented and they are reviewing and clearing old balances. The anticipated completion date for the work will be by FY2000.  <i>Further Action Needed</i>  Provide OPA with results of review of all outstanding advances as stated in auditee
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Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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response.

*Property and Equipment*

10. The CNMI should perform an inventory of its fixed assets as a basis for recording all assets in the General Fixed Assets Account Group.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, implementation of the fixed assets module in the new FMS began during FY 98. However, existing assets must be inventoried and manually entered into the system. Capitalization policies will be developed to fully implement the Fixed Asset Module. The anticipated date of completion for the work will be by FY 2001.
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*Further Action Needed*

Provide OPA copy of capitalization policies developed to fully implement the Fixed Asset Module.

*Other Liabilities and Accruals*

11. DOF should establish policies and procedures to ensure adequate recording of liabilities for goods received by the Division of Procurement and Supply.	DOF P&S	Open Active	Provide copy of reconciliation procedures developed to reconcile received not vouchered balances on a monthly basis, as stated in auditee response.
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*Deposits Payable*

12. DOF should reconcile deposits payable to a subsidiary ledger on a monthly basis.	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1992 Single Audit)	According to DOF, general ledger balances will be adjusted to the supportable detail. The anticipated date of completion for the work will be by FY 2000.
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*Fund Balance*

13. DOF should ensure that all encumbrances are recorded and reconciled on a monthly basis	DOF - Finance and Accounting Division	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, it is correcting the effects of multiple FY97 conversion problems relating to encumbrances. The anticipated date of completion for the work will be by FY 2000.
14. DOF should monitor and document all ongoing construction projects and a report should be prepared for the	DOF	Resolved Delinquent (Outstanding)	Provide OPA copy of completed quarterly reports for FY99 showing all FMS corrections made, as stated in auditee

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Secretary of Finance on a quarterly basis.		since FY 1997 Single Audit)	response.
<i>CNMI Local Noncompliance</i>			
15. DOF should ensure that sufficient documentation is obtained and periodically updated to demonstrate full compliance with the requirements of public law.	DOF - Treasury	Resolved Delinquent (Outstanding since FY 1996 Single Audit)	Provide OPA copy of updated agreements with the two banks, as stated in auditee response.
<i>Davis-Bacon Act</i>			
17. The CNMI should ensure that contractors comply with the provisions of the Davis-Bacon Act. [US Department of Transportation/ Highway Planning and Construction/ CFDA #20.205]	DPW- TSD	Resolved Delinquent Outstanding since FY 1997 Single Audit)	Provide OPA copy of procedures adopted for monitoring contractors, to ensure compliance with the Davis-Bacon Act.
<i>Allowable Costs/Cost Principles - All Programs</i>			
18. DPW should comply with the Common Rule by establishing and implementing a written policy to ensure control over unused inventories of supplies remaining upon the termination or completion of a federal program, in accordance with the Common Rule. [All Programs]	DPW - TSD	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	Provide copy of procedures in accordance with 23 CFR 635.122 adopted to ensure that contractors are paid only for materials actually used on a project.
<i>Reporting Requirements</i>			
19. TSD should implement formal documentation procedures to memorialize the monitoring procedures performed, including the results of those procedures and any corrective actions taken, to ensure compliance with the Davis-Bacon Act. [Davis-Bacon Act - Highway Planning and Construction/CFDA #20.205/ DOI and Covenant Capital Projects/ CFDA #15.875]	DPW - TSD	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	Provide OPA copy of procedures adopted for monitoring contractors, to ensure compliance with the Davis-Bacon Act.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Equipment and Real Property Management</i>			
21. The CNMI should perform an inventory of its fixed assets and ensure that it is in compliance with applicable federal property rule sand regulations. [All Programs]	DOF - P&S	Resolved Delinquent (Outstanding since FY 1994 Single Audit)	According to DOF, implementation of the fixed assets module in the new FMS began during FY 98. However, existing assets must be inventoried and manually entered into the system. Capitalization policies will be developed to fully implement the Fixed Asset Module. The anticipated date of completion for the work will be by FY 2001.  <i>Further Action Needed</i>  Provide OPA copy of capitalization policies developed to fully implement the Fixed Asset Module.

**Special Tests and Provisions**

22. Medicaid should perform monthly reconciliation of medicare premium payments with HCFA. Medicaid should also coordinate with HCFA recovery of the medicare premium payments, totaling \$95,138, which were not reflected in the HCFA statement [Special Tests and Provisions/CFDA #93.778]	Medicaid	Open Active	Provide OPA copy of reconciliation procedures as stated in auditee response.
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**2. Report No. AR-97-05 issued March 20, 1997  
Audit of the Executive Branch of the CNMI Government's  
Professional Services Contracts from October 1991 to July 1995**

Date(s) of followup letter(s) sent : 7/09/97, 2/02/98, 9/17/98 (AGO) (DOF) (GOV), 9/22/98 (OMB), 11/23/99 (DOF) (GOV), 11/26/99 (OMB), 1/26/99 1/5/2000 (AGO), 7/11/00 (OMB), 7/12/00 (AGO), 7/13/00 (DOF)

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Secretary of Finance should issue a memorandum instructing the P&S Director to develop and implement written policies and procedures	DOF	Resolved Delinquent	The Secretary of Finance stated that final rules and regulations regarding advance payments to contractors and contract monitoring would be included in the



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>regulating advance payments and contract monitoring, such as those provided under FAR.</p>			<p>revised procurement regulations being developed by the AG's Office. In the meantime, he would instruct the P&amp;S Director to issue interim policies and procedures regulating advance contract payments and contract monitoring, which were expected to be issued by January 31, 1997. He concurred that a contract administration section needed to be established to consolidate contract monitoring functions in one area. DOF was in the process of determining whether this section should be located in P&amp;S, The DOF Secretary's Office, or the Governor's Office. In addition, the Governor responded to the recommendation. He stated the three interim actions which he expected to be taken by DOF pending adoption of the revised procurement regulations being developed by the AG's Office.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>2. The Contracting Officers should initiate termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&amp;S Director who should do the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, and therefore recommendation 2 is not applicable).</p>	<p>Office of Mgt. &amp; Budget for Contract C40276</p>	<p>Resolved Delinquent</p>	<p>On the May 19, 1998 letter to OMB, OPA agreed that the correct amount of overpayment was \$10,000, based on total payments made of \$34,000 less the Contractor's billable amount of only \$24,000. OPA also mentioned the need to examine billing statements supporting the \$24,000 charges upon completion of the scope of work.</p>
<p>3. The Contracting Officers should recover payments (including interest) made to contractors whom we identified as having been paid without performing their work, and refer those who refuse to pay to the AG's Office for legal action.</p>			<p>With regards to change order no. 2, OPA questioned the extension of expiration date from October 7, 1996 to December 31, 1998. OPA required explanation why the Contractor's deadline was extended more than six months from the date of OPA's letter and whether such extension was reasonable.</p> <p><i>Further Action Needed</i></p> <p>To close the recommendations, the Special</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Secretary of Finance should develop detailed procedures for the appropriate use of sole source procurement and direct the P&amp;S Director to implement such procedures, which should include:</p>	DOF	Resolved Delinquent	<p>Assistant for Management &amp; Budget should provide OPA copies of (1) documentation evidencing completion of phase one by the contractor (i.e., Customs manual), (2) copy of completely processed change order no. 2, (3) documents evidencing recovery of overpayments (i.e., CNMI official receipts), and (4) documents explaining the reasonableness of the extension granted and billing statements supporting the \$24,000 charges upon completion of the scope of work.</p>
<p>4. Enforcing the rule that all professional services contracts be awarded through competitive proposals.</p> <p>5. Ensuring that written determinations issued by the P&amp;S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement.</p> <p>6. Ensuring that alternative sources be considered in sole source procurement.</p>	DOF	Resolved Delinquent	<p>The Secretary of Finance stated that final rules and regulations regarding sole source procurement will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding competitive proposals, written justifications, and alternative sources for sole source procurement and direct the P&amp;S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>7. The Secretary of Finance should issue a memorandum instructing the P&amp;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 Delinquent	<p>The Secretary of Finance stated that final rules and regulations regulating cost, scope of work and deliverables, and contract renewals would be included in the revised procurement regulations being developed by the AG's Office. In the meantime, his staff would develop interim procedures regarding cost negotiation justifications, change orders, deliverables, and contract renewals, and direct the P&amp;S Director to ensure that these procedures are implemented. He expected that these written policies and procedures would be issued by January 31, 1997.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Secretary of Finance should issue a memorandum instructing the DOF - Accounting Section to:</p>	DOF	Open Delinquent	<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>8. Recover or offset from future payments the \$15,079 overpayments to contractors.</p>			<p>The Secretary of Finance stated that he would issue a memorandum to the Director of Finance &amp; Accounting instructing him to ensure that overpayments are recovered and that contract payment requests are adequately reviewed to ensure that payment amounts are correct and contain all appropriate supporting documents.</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>			<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum and the results of Finance &amp; Accounting's actions to recover overpayments.</p>
<p>10. The Secretary of Finance should issue a memorandum instructing the P&amp;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 Delinquent	<p>The Secretary of Finance stated that he would issue a memorandum to the P&amp;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>Issue a memorandum to the P&amp;S Director:</p>	DOF	Open Delinquent	<p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of these policies and procedures.</p>
<p>11. Requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight.</p>			<p>The Secretary of Finance stated that he would issue a memorandum to the P&amp;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>12. Instructing him to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior</p>			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
to the date of completion of contract processing.			<p><i>Further Action Needed</i></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>
13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.	DOF	Open Delinquent	<p>The Secretary of Finance stated that he would issue a memorandum to the Director of Finance &amp; Accounting instructing him to ensure that contract payment is not made prior to completion of contract processing.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum.</p>

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

Date(s) of followup letter(s) sent : 11/23/99 (DOF), 11/26/99 (TMO), 1/5/2000 (AGO), 7/12/00 (AGO), 7/13/00 (DOF)  
 Date(s) of response letter(s) received : 1/12/00 (GOV), 1/20/2000 (AGO), 2/18/00 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. <i>As Redirected to AGO</i> - Take appropriate action against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts. Such action includes but is not limited to reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution [CNMI-PR Section 6-211 (1)].	AGO	Resolved Delinquent	<p>The Governor concurred with the recommendation and provided OPA a copy of his memorandum issued on August 17, 1999 asking the Acting Attorney General to investigate the conduct of the former government officials cited in the audit report and to recommend what actions should be taken.</p> <p><i>Further Action Needed</i></p> <p>AGO should provide OPA a copies of documents showing actions taken against former government officials, including the</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
5. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures regulating contract monitoring, to ensure that payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications.	DOF	Resolved Delinquent	<p>former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts.</p> <p>The Secretary of Finance stated that policies on contract monitoring are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&amp;S Director directing him to develop and implement written policies and procedures requiring that expenditure authority/contracting officers perform contract monitoring activities to ensure payments are made only for documented work performed according to contract terms and specifications.</p> <p><b>Further Action Needed</b></p> <p>The Secretary of Finance should provide OPA a copy of the adopted policies and procedures on contract monitoring.</p>
6. <i>As Redirected to AGO</i> - Take steps to recover payments (including interest) made to contractors which we identified as having been paid without performing their work.	AGO for Contracts C70180, C70301, C70149, 305559 and C70220	Resolved Delinquent	<p>The Governor concurred with the recommendation and provided OPA a copy of his memorandum issued on August 17, 1999 to the Acting Attorney General requesting her to review the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed.</p> <p>The Counsel to the Tinian Mayor concurred with the recommendation and provided OPA a copy of a memorandum issued on July 16, 1999 to the Acting Attorney General requesting legal action against Mr. Sablan to recover the money paid to him. In addition, the Counsel to the Tinian Mayor provided OPA an outline of the contract monitoring process which TMO has established as a stopgap measure while awaiting the interim or final revised procurement regulations still not completed.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>7. Issue a memorandum instructing the DOF - Accounting Section to recover the nearly \$1.49 million in overpayments by requesting contractors to return the amounts overpaid. Of these amounts, \$87,096.02 is immediately recoverable and \$1,400,955.91 is recoverable unless adequately supported by the contractors. If a contractor refuses to cooperate or repay the funds, the matter should be referred to the Attorney General's Office for legal action.</p>	DOF	Resolved Active	<p>The response from AGO on January 20, 2000 provided the status of the following contracts:</p> <p><i>C70220</i> - AGO will undertake dispute proceedings and administrative remedies under this contract pursuant to Section 5-201 of the CNMI Procurement Regulations. Once this process has been completed, a complaint will be filed in late February or March of 2000.</p> <p><i>C70180 and C70301</i> - A demand letter has been sent out to comply with the dispute process of the CNMI Procurement Regulations Section 5-201. The litigation process will be initiated probably in March 2000.</p> <p><i>C70149</i> - Further follow-up with former government employees who were knowledgeable about this contract is necessary pending a final decision.</p> <p><i>305559</i> - AGO consider this matter closed as it does not seem to warrant further action.</p> <p><i>Further Action Needed</i></p> <p>AGO does not intend to take any action on Contract 305559. However, the AGO should provide OPA copy of documents showing legal action taken for Contract nos. C70220, C70180, C70301 and C70149.</p> <p>The Secretary of Finance responded on February 18, 2000 that billings to collect the overpayments were sent to three contractors and provided us the status of collection for each contractor as follows:</p> <p>Contract No. C50305 &amp; C60114 - MacMeekin and Woodworth responded that the overpayment had been applied to subsequent billings. We were able to verify that the total overpayment to MacMeekin and Woodworth were subsequently applied to the October 1, 1997 statement for \$9,102.17 and to the December 1, 1997 statement for \$47,056.32 for a total of</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>9. Take action to address our pending recommendations relating to the development and implementation of</p>	<p>DOF</p>	<p>Resolved Delinquent</p>	<p>\$56,158.49.</p> <p>Contract No. C&amp;0180 - The billing sent to Phoenix International Consultant was returned twice by the post office. DOF was advised by the Assistant Attorney General that AGO will handle the matter.</p> <p>Contract No. C60142 - Mr. David Wiseman acknowledged the overpayment of \$5,635.58 stated in the report and is making a monthly payment of \$500. A total of \$2,000 has been paid through January 31, 2000.</p> <p>OPA responded on July 13, 2000 and provided further action needed to close the recommendation.</p>
			<p><b>Further Action Needed</b></p> <p>We consider the part of the recommendation pertaining to recovery of the overpayment to MacMeekin and Woodworth for \$56,158.49 closed.</p> <p>Actions to be taken to close the recommendations pertaining to the other two contractors for which billings were sent follow:</p> <p><i>David Wiseman.</i> Provide receipts or proof of collection until a full amount of overpayment has been collected.</p> <p><i>Phoenix International Consultant.</i> Provide OPA results of actions taken by AGO to locate this contractor and collect the overpayment.</p> <p>To completely close the recommendation pertaining to the remaining contractors, the Secretary of Finance should provide OPA copies of written documents showing actions taken to recover the overpayment (e.g., collection letter and CNMI treasury official receipts showing full recovery).</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.			payments; and regulate costs, scope of work and deliverables, and contract renewals are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring development and implementation of written policies and procedures that require pre-contract analysis, limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.
			<i>Further Action Needed</i>
			The Secretary of Finance should provide OPA copies of the adopted policies and procedures.

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

Date(s) of followup letter(s) sent : 9/09/98 (DLNR) (CDA) (DPW) (PDO) (SMO), 9/17/98 (DOF) (GOV), 9/18/98 (DLI) (SAA) (DCCA) (DPS) (WASHREP) (SENATE) (HOUSEREP) (LEGBUREAU) (TMC) (BOED) (BOELEC) (CPA) (CUC) (NMIRF) (TCGCC) (LIBCOUNCIL), 9/21/98 (EMO) (DOC) (DPH) (SPMC), (SPRC) (TMO) (RMO) (NIMO) (SMC) (RMC) (CSC) (NMC) (MVB), 9/22/98 (OMB), 10/16/98 (TMO) (CSC), 10/28/98 (TMO), 4/22/99 (EMO), 7/19/99 (DPS), 11/22/99 (BOED) (BOELEC) (CUC) (DCCA) (DLI), 11/23/99 (CPA) (DOC) (DOF) (DPH) (DPS) (EMO) (GOV) (HOUSEREP) (LEGBUREAU) (LIBCOUNCIL), 11/24/99 (MVA) (NIMO) (NMC), 11/26/99 (OMB), (NMIRF), 11/29/99 (RMC), (RMO), (SPMC), (SPRC), (SMC), (SAA), (SENATE), (TCGCC), (TMC) (WASHREP), 1/17/2000 (NMIRF), 7/3/00 (GOV), 7/6/00 (EMO) (LEG) (MVA), (RMO) (DCCA), 7/11/00 (BOED) (CPA) (CUC) (DLI) (LIBCOUNCIL) (NIMO) (RMC) (SENATE) (SPMC) (SPRC) (TMC) (WASHREP), 7/13/00 (DOF), 9/5/00 (NIMO), 9/6/00 (TMC) (LIBCOUNCIL) (SPMC)

Date(s) of response letter(s) received : 5/28/98 (DLI), 5/11/98 06/01/98 (DLNR), 6/04/98 (CDA), 6/29/98 (DPW), 7/01/98 (DCCA), 7/31/98 (PDO), 8/24/98 (SMO), 10/1/98 (TMO), 10/06/98 (CSC), 10/8/98 (DCCA), 10/13/98 (HOUSEREP), 10/15/98 (SAA), 10/21/98 (TMO), 11/6/98 (HOUSEREP), 2/25/99 (DPH), 4/7/99 (EMO), 4/8/99 (NIMO), 4/14/99 (TCGCC), 4/26/99 (DOC), 6/30/99 (DPS), 11/24/99 (BOE), 12/1/99 (NMIRF) (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 1/3/2000 (SMC), 1/12/00 (GOV) 1/20/2000 (NMIRF), 7/14/00 (SPMC), 7/16/00 (LIBCOUNCIL), 7/19/00 (NIMO) (RMO), 7/20/00 (TMC), 8/25/00 (MVA), 9/29/00 (DOF)



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required	
<p>1. The heads of departments, activities, and autonomous agencies of the CNMI government should become familiar with, and ensure that their respective agencies comply with, the requirements of the Act and the Regulations. The heads should issue a written directive to their respective personnel requiring them to:</p>	<p>(See last column)</p>	<p>Open Delinquent</p>	<p>Each of the following agencies should provide the Office of the Public Auditor (OPA) a copy of the agency head's written directive to the agency's personnel and divisions or offices directly under the agency to implement the requirements enumerated under recommendation 1. The written directive should be accompanied by continuous vehicle trip log forms and written vehicle authorization forms adopted for use by the agency concerned and the divisions or offices directly under the agency.</p>	
<p>a) Implement the use of continuous vehicle trip log forms, which should be placed in every government vehicle (except vehicles assigned to and used by government officials; official government guests; emergency vehicles used by the Department of Public Safety, Civil Defense, Commonwealth Utilities Corporation, and law enforcement offices). The log forms should be maintained by vehicle operators to provide basic trip information such as date, time, places of travel, purpose of travel, beginning and ending mileage readings, total miles driven, the signature of the vehicle operator, and vehicle identification data. The log forms should be reviewed monthly and signed by a responsible official of each agency. The log forms should be properly filed by each agency in accordance with the policy of the CNMI government to retain records for a minimum of three years.</p>				<p>Washington Representative's Office Senate Legislative Bureau CNMI Superior Court Rota Mayor's Office Rota Municipal Council Board of Education (PSS) Commonwealth Ports Authority Commonwealth Utilities Corp.</p>
<p>b) Ensure that when using government vehicles outside working hours, an employee is in possession of a written authorization signed by the official with expenditure authority that <i>clearly states</i> the reason why the vehicle is needed; the date, hours, and conditions when and how the vehicle may be used; and the person(s) authorized to use the vehicle outside regular government working hours. Written authorizations are not required for law enforcement vehicles and vehicles used by elected officials.</p>				

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>c) Accept conditions in written authorization forms that they will be responsible for the safety of the government vehicles they are authorized to take home, for any liability or damage resulting from their negligence while the vehicles are under their care, and for any tax consequences resulting from the benefit of using government vehicles between their homes and places of employment.</p> <p>d) Conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.</p>	DLI	Resolved Delinquent	<p>On May 28, 1998, OPA received a memorandum from the Acting Director of Labor on the use of a government vehicle. However, OPA did not receive any document showing actions taken by other Divisions under the Department of Labor and Immigration.</p> <p><i>Further Action Needed</i></p> <p>DLI should provide OPA with a copy of directives issued by other divisions (e.g. Division of Immigration) requiring DLI personnel to comply with the use of vehicle authorization forms and written agreements, and to conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.</p>
<p>2. The Secretary of Finance should instruct the Director of Procurement and Supply to:</p>	EMO	Resolved Delinquent	<p>The 4/7/99 response did not adequately address parts b, c, and d of the recommendation. To close recommendation 1, EMO should provide OPA with a copy of written directives to EMO personnel as described in part 1b, 1c and 1d of the recommendation.</p>
<p>2. The Secretary of Finance should instruct the Director of Procurement and Supply to:</p>	DOF Proc. & Supply	Open Delinquent	<p>The Secretary of Finance should provide OPA with a copy of directive to Procurement and Supply requiring it to</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>a) Develop written procedures for marking of government vehicles (except law enforcement vehicles and vehicles used by elected officials). Among other things, the written procedures should specify 1) the period when markings should be made (e.g., within a specified time frame after vehicle has been delivered by vendor); 2) the information to be included in the markings, such as the agency name, and if the vehicle is government-owned, the property number as well; 3) the exact size of the markings that will allow them to be visible and readable even when the vehicle is in motion; 4) the exact placement of the markings on the door; and 5) the material to be used for marking.</p>			<p>implement the requirements enumerated under recommendation 2.</p> <p>Procurement and Supply should provide OPA with a copy of standard procedures that it will develop for marking of government vehicles, and a copy of updated government vehicle inventory listings.</p>
<p>(Note: The marking should show the agency's full name and not just the acronym or the first letters of the agency's name. Use of full name instead of acronym readily identifies the agency accountable for the vehicle, and prevents mistaking one agency for another that has the same acronym.)</p>			
<p>b) Maintain updated government vehicle inventory listings and conduct periodic inventories of all government vehicles on Saipan, Rota, and Tinian.</p>			
<p>c) Revise the standard vehicle specifications and features guidelines issued by the Procurement and Supply Division to emphasize that procurement of vehicles with factory-tinted windows is prohibited by statute. Reject purchase requisitions made by any government agency to procure vehicles that do not conform to the standard vehicle specifications and features guidelines.</p>			
<p>4. The Mayors of Rota and Tinian should direct the Rota and Tinian liaison offices, respectively, to develop a standard policy and guidelines that will regulate the use of government vehicles</p>	<p>Rota Mayor's Office</p>	<p>Resolved Active</p>	<p>On July 19,2000, the Mayor of Rota presented OPA with the standard policy and guidelines. However, it was not certain if the policy has already been adopted by the liaison offices to regulate the use of</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>assigned to the liaison offices. The policy and guidelines should be approved by each respective mayor. The policy should state, among other things, that any person who allows unauthorized passengers in government vehicles shall be personally liable for any damage or injury to persons or property, and that the CNMI government expressly refuses to accept any liability in such a situation. The guidelines should state specific instances when and which persons who are not government employees may be transported in government vehicles (e.g., Rota or Tinian residents sent to Saipan for medical referral, etc.), the liaison employees authorized to transport persons who are not government employees, the penalties for violation of the policy and guidelines, and other restrictions. Specific examples of unallowable uses, such as using the vehicles to go to beaches, video rental shops, amusement or gambling places, and other unreasonable uses, should also be included in the guidelines. The guidelines should also cite uses that may be reasonably authorized, such as using the vehicles to go to restaurants to eat meals, or to go to stores to buy groceries and other basic necessities, provided the vehicles are used by operators and passengers duly authorized by the liaison office.</p>			<p>government vehicles assigned to them.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA with documents which shows that the standard policy and guidelines have already been adopted by the Rota Liaison office.</p>

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

Date(s) of followup letter(s) sent : 7/16/98 (GOV), 7/16/98 9/9/98 (DLNR), 8/04/98 (PDO), 9/1/98 (TMO), 9/17/98 (DOF), 9/18/98 (DCCA) 9/21/98 (DPW) (SMO) (DOC) (CSC) (DPH) (NIMO) (RMO) (RMC) (SMC) (TMO) (SPRC) (SPMC) (NMC) (PSS), 9/22/98 (OMB), 4/21/99 (DPW), 4/22/99 (SMC), 4/30/99 (DOC), 11/22/99 (DCCA), 11/23/99 (DOC) (DOF) (DPH) (DPW) 11/24/99 (NIMO) (NMC), 11/26/99 (OMB) (PDO) (PSS), 11/29/99 (RMC) (RMO) (SPMC) (SPRC) (SMC) (SMO) (TMO), 3/8/00 (TMO), 7/3/00 (DPW), 7/6/00 (RMO) (SMO), 7/11/00 (NIMO) (NMC) (PDO) (PSS) (RMC) (SPRC), 7/13/00 (DOF), 9/5/00 (NIMO)

Date(s) of response letter(s) received : 7/15/98 (GOV), 7/10/98 7/24/98 (DLNR), 7/31/98 (PDO), 10/13/98 (SMC), 10/15/98 (TMO), 10/21/98 (TMO), 12/10/98 (DPW), 4/8/99 (NIMO), 4/26/99 (DOC) (SMC), 12/1/99 (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 12/13/99 (DPH), 1/3/2000 (SMC), 2/00 (DOF), 3/8/00 (TMO), 7/3/00 (TMO), 7/19/00 (NIMO) (RMO), 9/8/00 (DPW)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
32. Take steps to charge appropriate leave for the employees' unworked hours.	CAO	Open Delinquent	The CAO Executive Assistant concurred with all the recommendations. He stated that CAO is implementing the sign-in-and-out sheet and has purchased a time clock.
33. Develop and implement written policies and procedures in the use of the flexible time system, if CAO decides to continue its use.	CAO	Open Delinquent	<i>Further Actions Needed</i>
34. Establish procedures for documenting the calls of employees reporting leave.	CAO	Open Delinquent	Recommendation 32 - The CAO Executive should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.
35. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	CAO	Open Delinquent	Recommendation 33 - The CAO Executive should provide OPA a copy of the developed written polices and procedures in the use of the flexible time system.
			Recommendation 34 - The CAO Executive should provide OPA a copy of the developed written policies and procedures.
			Recommendation 35 - The CAO Executive should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.

<p>36. Take steps to reverse the administrative leave granted to DCCA employees covering half-day for December 29, 1995.</p>	<p>DCCA</p>	<p>Open Delinquent</p>	<p>The Secretary of DCCA concurred with Recommendations 37 to 39, and stated that these recommendations would be complied with. With regard to Recommendation 36, he stated that since it was the Executive Branch which gave authority to the Secretary of DCCA to grant administrative leave, it would have to be the Executive Branch's decision to reverse that leave.</p>
<p>38. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.</p>	<p>DCCA</p>	<p>Resolved Delinquent</p>	<p><i>Further Actions Needed</i></p> <p>Recommendation 36 - The Secretary of DCCA should provide OPA a copy of the documented reversal of the administrative leave such as a memorandum, application for leave and STS.</p> <p>Recommendations 38 and 39 - The Secretary of DCCA should provide OPA a copy of the written instructions to the employees.</p>
<p>39. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.</p>	<p>DCCA</p>	<p>Resolved Delinquent</p>	<p>Recommendations 38 and 39 - The Secretary of DCCA should provide OPA a copy of the written instructions to the employees.</p>
<p>40. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.</p>	<p>PDO</p>	<p>Open Delinquent</p>	<p>The Acting Public Defender in his memorandum to the Director of Personnel dated July 22, 1998 requested that OPM promulgate specific guidelines on timing in and timing out. The Acting Public Defender stated that he believe that there were no Commonwealth statutes or regulations that require excepted service employees to time-in-and-out on Daily Time and Attendance Reports (DTAR). He further stated that the matter of timing in and timing out for excepted service employees is a matter that should be left to the discretion of each department head.</p> <p>On August 4, 1998, OPA sent a letter to the Director of Personnel requesting comments on PDO's 7/22/98 memorandum. OPA disagreed with the Public Defender's instruction to exempt excepted service employees from timing-in-and-out on DTAR.</p> <p><i>Further Action Needed</i></p> <p>Recommendation 40 - PDO should reconsider and implement the recommendation by providing OPA a copy of the developed written policies and procedures to document the accounting for the attorneys' time.</p>

71. Issue a memorandum to the two employees requiring them to time-in-and-out on the DTA sheet.	RMO	Resolved Delinquent	OPA received a response from the Rota Mayor on July 19, 2000. The response, however, did not directly address Recommendation 71 as we were not provided a copy of written instruction to employees requiring them to time-in-and-out on the DTA sheet.
74. Take appropriate disciplinary actions against the three employees who were AWOL.	RMC	Open Delinquent	The Chief of Staff stated that the results of the audit were correct, and that the findings noted were inherent and did not develop during his tenure as the chief. He stated that he had imposed strict administrative policies against abusing government hours, and on several occasions charged AWOL to those employees who did not report to work. He said, however, that unfortunately he lacked the time to completely rectify the problems because he had resigned effective November 11, 1995. He stated that he had spoken with the incoming Chief of Staff and discussed several recommendations, including OPA recommendations.
			<b>Further Actions Needed</b>
			Recommendation 74 - The Chief of Staff should provide OPA a copy of memorandum taking appropriate disciplinary actions against the three employees who were AWOL.
75. Adjust the leave charges of the three employees by charging each of them as AWOL and crediting each of them regular hours or annual/sick leave.	RMC	Open Delinquent	Recommendation 75 - The Chief of Staff should provide OPA copies of the application for leave and STS evidencing that the employees were charged leave.
76. Issue a memorandum requiring all employees to personally record their actual time-in-and-out in the daily time and attendance sheet.	RMC	Open Delinquent	Recommendation 76 and 78 - The Chief of Staff should provide OPA a copy of written instructions to the employees.
77. Establish procedures for documenting the calls of employees reporting leave.	RMC	Open Delinquent	Recommendation 77 - The Chief of Staff should provide OPA a copy of the developed written policies and procedures.
78. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.	RMC	Open Delinquent	Recommendation 79 - The Chief of Staff should provide OPA a copy of the result of the discussions with the heads of other agencies.
79. Discuss with the heads of other agencies the possibility of permanent	RMC	Open Delinquent	

transfer for 7 temporarily assigned employees, review its staffing requirements, and request only the number of FTEs actually needed by the office.

82. Adjust the leave charges of the two employees in question.	SMC	Resolved Delinquent	On 1/3/2000, the SMC Executive Director responded that all necessary corrections to adjust the leave charges of the two employees have been made.
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*Further Actions Needed*

Recommendation 82 - The SMC Executive Director should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.

84. Require the Administrative Officer or designee to exercise due care in the review of STS.	SMO	Open Delinquent	The new Mayor of Saipan responded to the draft audit report and concurred with the recommendations. He stated that since he took office, the Mayor's Office had
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86. Adjust the leave charges of the three employees.	SMO	Open Delinquent	implemented steps necessary to monitor employees' time and attendance more closely. SMO is charging employee leave
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87. Investigate the person responsible for filling out the mechanic's time card and impose appropriate disciplinary action. Any action taken in this regard should be written and documented.	SMO	Open Delinquent	for tardiness if the employee does not work 40 hours per week, and is making sure that all employees' leave is properly charged. With regards to adjusting the leave charges of the three employees in question, only Employee no. 74708 remained working at SMO, and therefore only that employee's time charges would be adjusted. With regards to Recommendation 87, the Mayor stated that the person responsible was no longer working at SMO.
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*Further Actions Needed*

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

Recommendation 86 - The Mayor of Saipan should provide OPA copies of the application for leave and STS evidencing that the employees were appropriately charged leave.

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



<p>94. Discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed.</p>	<p>SPRC</p>	<p>Open Delinquent</p>	<p>No response was received.  <b>Further Actions Needed</b>  Recommendations 94 and 95- The Presiding Judge should provide OPA copies of the directives addressing the issues.</p>
<p>95. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.</p>	<p>SPRC</p>	<p>Open Delinquent</p>	
<p>104. Require all timekeepers to control in-house comptime records of employees.</p>	<p>NMC</p>	<p>Resolved Delinquent</p>	<p>On December 1, 1999, the NMC President provided us with her April 29, 1999 response to the DOF Secretary that compensatory time records are maintained by payroll personnel in the Business Office.  <b>Further Action Needed</b>  Provide OPA copies of compensatory time records maintained by the Business Office.</p>
<p>107. Initiate the update of the NMC Personnel Regulations using the CSC's guidelines for granting administrative leave.</p>	<p>NMC</p>	<p>Resolved Delinquent</p>	<p>According to the NMC President, the recommendation was still under review at the College.  <b>Further Action Needed</b>  The NMC President should provide OPA a copy of the updated NMC Personnel Regulations.</p>
<p>108. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.</p>	<p>NMC</p>	<p>Open Delinquent</p>	<p>The NMC President continued to disagree with the recommendation.  <b>Further Action Needed</b>  The NMC President should reconsider and implement the recommendation.</p>

114. Require all employees to consistently punch the time clock	PSS	Open Delinquent	No response was received.  <i>Further Actions Needed</i>
115. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable or when the employee is assigned to a location where no time clock is available), which should be justified and approved by the division manager.	PSS	Open Delinquent	Recommendations 114, 115 and 116 - The PSS Commissioner should provide OPA a copy of the written instruction to the employees.
116. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in the Log-In-and-Out Sheets.	PSS	Open Delinquent	

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

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Instruct the person in charge of the issuance and liquidation of travel advances to strictly enforce requirement for trip report submission and timely filing of TVs. This could be accomplished as follows:	CPA CUC NMC Senate Pres. House Speaker	Open Delinquent	The response from the CPA Executive Director did not address the recommendation. The CUC Executive Director stated that the recommendation will be incorporated in the CUC travel policies and procedures which are currently under review. The NMC President, the Senate President, and the House Speaker did not submit written responses.  <i>Further Action Needed</i>  Provide OPA copies of the (1) written instruction to the person in charge of issuance and liquidation of travel advances regarding strict enforcement of requirement for trip report submission and timely filing of TVs; and (2) checklist of required attachments to the TVs which includes a trip report.
1. Include trip report in the checklist of required attachments to the TVs (or adopt a checklist if the agency has not adopted one), and ensure that trip report is included with each TV submitted. A missing trip report would constitute an incomplete TV which should be returned to the originator to attach the missing documentation; and			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. Strictly enforce the requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and the required sanction of payroll deduction for travelers who failed to timely file TVs. Travelers such as board members who are not part of the government payroll should be required to immediately repay the advances when a complete TV is not timely filed.</p>	<p>Action Required <u>No. 1 and 2</u> CPA NMIRF CUC NMC</p> <p>Action Required <u>No. 1</u> Gov. Senate Pres. House Speaker</p>	<p>Open Delinquent</p>	<p>The responses from the CPA Executive Director and the NMIRF Acting Administrator did not address the recommendation. The CUC Executive Director stated that the recommendation will be incorporated in the CUC travel policies and procedures which are currently under review. The Governor's response did not reemphasize the requirement of not granting requested new travel advances to travelers with unliquidated travel advances. The NMC President, the Senate President, and the House Speaker did not submit written responses.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA copies of the written instruction to the person in charge of the issuance and liquidation of travel advances regarding strict enforcement of the (1) requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and (2) required sanction of payroll deduction for travelers who fail to timely file TVs.</p>

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# Autonomous Agencies

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

# Commonwealth Development Authority

**I. Commonwealth Development Authority  
Independent Auditor's Report on Internal Control and on Compliance  
Over Financial Reporting Based Upon the Audit Performed  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1999**

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CDA should establish procedures to ensure cash balances recorded in the ledger reconcile to respective bank statements, and any differences are investigated in a timely manner.	CDA	Open Active	According to CDA, the Fiscal Division has redistributed tasks to ensure that bank reconciliations are done on a timely manner.  <i>Further Action Needed</i>  Provide OPA with established bank reconciliation procedures.
2. CDA should ensure that follow-up procedures on past due loans are adhered to and renegotiations are undertaken for those loans where lenders are having difficulty making scheduled repayments.	CDA	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with actions taken to follow up on and renegotiate past due loans.
3. CDA should review instances of noncompliance with provisions of the manual and determine if corrective action is necessary.	CDA	Open Delinquent (Outstanding since FY1994 Single Audit)	CDA responded that its Board of Director approved the amended DCD Rules and Regulations including the Loan Policy Manual.  <i>Further Action Needed</i>  Provide OPA results of reviewing noncompliance with the provisions of the manual and the corrective actions taken.
4. NMHC should ensure that restricted asset balances are accurately and fully maintained.	NMHC	Open Active	Provide OPA with actions taken to ensure compliance with relevant agreements on restricted assets.
5. CDA should take necessary action to collect all payments due from CUC.	CDA	Open Delinquent (Outstanding	Provide OPA with the "Equity Conversion Plan" to evidence action taken to collect all payments due from CUC.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
		since FY1994 Single Audit)	
6. NMHC should investigate the procedures employed by local banks in verifying account balances to ensure that all applicant accounts are properly reported.	NMHC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with results of investigation of procedures employed by local banks in verifying account balances.
7. CDA should implement procedures to ensure that income adjustments to claims are consistently applied.	CDA	Open Active	Provide OPA with procedures to adjust Housing Assistance Program claims based on income.
8. CDA should replenish the replacement reserve for transfers made and investigate alternatives to ensure that adequate funding is available to cover unrestricted purposes.	CDA	Open Active	Provide OPA with alternative measures taken to ensure that adequate funding is available to cover unrestricted purposes.
9. CDA should implement procedures to ensure that the current HUD approved schedules are used to prepare rental contracts.	NMHC	Open Active	Provide OPA with results of review of all files for proper rent charges and calculation as stated in auditee response.
10. CDA should implement procedures to ensure that only vouchers in use during the award period are used as the basis for calculating administrative expenses and only approved budgeted costs are included in annual reports.	CDA	Open Active	Provide OPA with procedures established to report actual vouchers filed during the year and report only budgeted costs as stated in auditee response.
11. CDA should retain inspection reports in the program recipient's files.	CDA	Open Active	Provide OPA with procedures established for filing inspection reports when completed.
12. CDA should obtain guidebooks for filing the HUD-52595 report or arrange training with HUD.	CDA	Open Active	Provide OPA with copy of guidebooks obtained for filing of the report.
13. CDA should document the exact nature of transactions, including all terms and conditions attached to the grant funding as per original grant agreement between CDA and the US Department of the Interior.	CDA	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with the "Equity Conversion Plan" to evidence action taken to document the exact nature of transactions, including all terms and conditions between CDA and the US Department of the Interior.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
14. CDA should put in place a system to assure adherence to OMB Circular A-128. CDA should begin inquiry of subrecipients as to status of availability of audit reports.	CDA	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA copy of system established to ensure adherence to OMB Circular A-128.



# Commonwealth Government Employees Credit Union

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

Date(s) of followup letter(s) sent : 7/12/00  
 Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CGECU should ensure that the general ledger balances for loans and deposits are reconciled with the subsidiary ledgers on a periodic basis.	CGECU	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA copies of subsidiary and general ledgers generated from the new software.
2. CGECU should reconcile the general ledger with the subsidiary ledger on a monthly basis after all audit adjustments for FY 1997 are posted.	CGECU	Open, Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA copies of subsidiary and general ledgers generated from the new software.
3. CGECU should follow the guidance in FASB Statement No. 91, and should amortize deferred loan fees into income as an adjustment of interest income.	CGECU	Open Delinquent	Provide OPA the adjustment made to establish a deferred loan origination fee balance.

# Commonwealth Ports Authority

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

Date(s) of followup letter(s) sent : 11/21/95, 3/7/96, 12/5/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98, 11/22/99 (CPA), 1/26/99 1/5/2000 (AGO), 7/11/00 (CPA)  
 Date(s) of response letter(s) received : 12/6/95, 3/15/96, 3/27/96, 4/4/97 (AGO), 4/20/98 (AGO), 4/30/99 (CPA), 1/20/2000 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<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 in which it should be documented. Also, consider preparing forms for documenting representation expenses, and establishing guidelines that limit representation expenses to a moderate amount and require travelers to pay for their share of representation expenses covered by per diem, such as meals.</p>	CPA	Resolved Delinquent	<p>On April 30, 1999, CPA provided us with its official representation policies and procedures dated November 17, 1995. However, our review showed that additional improvements are still needed.</p> <p><b>Further Action Needed</b></p> <p>Our review of the official representation policies and procedures adopted by CPA and the proposed amendments showed that additional improvements are still needed. As previously discussed, CPA should consider amending the policies and procedures to include the following matters:</p> <ul style="list-style-type: none"> <li>a. Official representation expenses should be clearly defined, and specific examples should be illustrated.</li> <li>b. Specific categories of persons who may be entertained (e.g. visiting dignitaries or officials of foreign governments) and the circumstances when they can be entertained should be included. Government officials and employees should <i>generally be excluded</i>, and consultants and contractors should <i>always be excluded</i> from categories of persons who can be entertained.</li> <li>c. All CPA officials, except perhaps the Chairman of the Board and the Executive Director, should be required to obtain prior approval before</li> </ul>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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incurring official representation expenses. No other exceptions should be allowed. Even the Chairman and Executive Director, however, should file in advance a statement of persons to be entertained and purpose of entertainment.

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

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

Date(s) of followup letter(s) sent : 11/20/95, 3/7/96, 12/5/96, 2/02/98, 9/18/98, 11/22/99, 7/11/00  
Date(s) of response letter(s) received : 3/27/96, 12/24/96

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

CPA should provide evidence of collections from the former board chairman or that appropriate legal action has been taken to

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
3. The CPA Board Chairman should establish written procedures for board expense reimbursement that will ensure compliance with the requirements of the law (1 CMC, §8247 (c)).	CPA	Resolved Delinquent	<p>enforce collection.</p> <p>In his March 27, 1999 response to OPA, the former CPA Board Chairman stated that current travel policies and procedures should be adequate to account for board-related expenditures. In our opinion, the procedures adopted were too general in nature. CPA should develop detailed official policies and procedures on board expense reimbursements.</p> <p><i>Further Action Needed</i></p> <p>CPA should establish separate policies and procedures for board expense reimbursement. These should include requiring board approval (e.g., through a board committee established for such purpose) before reimbursements are made, completion of a board reimbursement form (or any appropriate documentation) to document the nature and purpose of the expenses, and providing a definition for allowable "extraordinary expenses."</p>
4. The CPA Board Chairman should establish written policies and procedures to prevent financial interest violations in the future.	CPA	Resolved Delinquent	<p>In his letter response dated 3/27/96, the Board Chairman responded that the CPA Legal Counsel had been instructed to draft policies and procedures to prevent financial interest violations by board members and CPA employees. A copy of the letter to the Legal Counsel dated 3/15/96 was provided to us.</p> <p><i>Further Action Needed</i></p> <p>CPA should provide OPA the target date for completion of the draft policies and procedures. Upon completion, CPA should provide a copy of the draft to OPA.</p>

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

Date(s) of followup letter(s) sent : 12/5/96, 2/02/98, 9/18/98, 9/28/98, 11/22/99, 7/11/00  
Date(s) of response letter(s) received : 4/30/99

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. The CPA Board Chairman should invalidate all outstanding permits and leases to current and former board members, officials, and their relatives. These transactions may be terminated as provided under the Government Ethics Code Act of 1992 and the CPA Procurement Regulations.	CPA	Resolved Delinquent	On April 30, 1999, The CPA Executive Director responded to the DOF Secretary who referred the response to OPA for evaluation. Based on OPA's evaluation, recommendation numbers 6 and 8 remain resolved.  For recommendation 6, Part 3.7 of the adopted regulations was not amended to
8. The CPA Board Chairman should instruct the Comptroller to design and implement a billing and accounting system that can readily provide information on rental payments and outstanding rentals owed by lessees. The system should include features such as notification to delinquent lessees and analysis of discrepancies in monthly rental collections.	CPA	Resolved Delinquent	invalidate all outstanding permits and leases to former board members, officials, and their relatives in accordance with the Government Ethics Code Act of 1992 and the CPA Procurement Regulations.  For recommendation 8, an 4/30/99 memorandum from the CPA Comptroller to the DOF Secretary stated that CPA is currently working with the Financial Consultant to implement the database capability of the MAS90 Accounting Network.
			<i>Further Actions Needed</i>
			Recommendations 6 - CPA should formally adopt and publish the proposed changes stated in the audit recommendations.
			Recommendation 8 - Provide written description of procedures and copies of sample documents and reports generated by the system.

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

Date(s) of followup letter(s) sent : 9/18/98, 11/22/99, 1/26/99 1/5/2000 (AGO), 7/11/00 (CPA)  
Date(s) of response letter(s) received : 4/30/99, 1/20/2000 (AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. Recover from the former CPA Deputy Director \$3,275 equivalent lease cost of the black Toyota Camry during the period of misuse.	CPA/AGO	Resolved Delinquent	The June 3, 1998 settlement agreement between CPA and the former CPA employee partly addressed recommendations 2 to 4.
3. Order the former CPA Deputy Director to repay the \$3,870 cost of salary he received from the government for the hours he was doing personal business.	CPA/AGO	Resolved Delinquent	This audit has been referred to the Civil Division of AGO for collection of damages after criminal conviction of the former CPA Deputy Director for misuse of government vehicle.
4. Recover from the former CPA Deputy Director a reasonable amount for the cost of fuel and maintenance of the white Toyota Camry.	CPA/AGO	Resolved Delinquent	On 1/20/2000, the AGO responded that a copy of the OPA investigation should be forwarded so that a civil filing decision could be made.

*Further Actions Needed*

Recommendations 2, 3, and 4 - The CPA Director should provide OPA evidence of collection of the \$3,000 restitution as stipulated in the settlement agreement.

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

**5. Commonwealth Ports Authority  
Independent Auditor's Report on Internal Control and on Compliance  
Over Financial Reporting Based Upon the Audit Performed  
in Accordance with Government Auditing Standards  
Year Ended September 30, 1999**

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CPA management should implement procedures to notify the accounting	CPA	Open Delinquent	Provide OPA with documents showing that certification is done on a timely basis,

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

# Commonwealth Utilities Corporation

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

Date(s) of followup letter(s) sent : 12/3/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98, 11/22/99, 1/26/99 1/5/2000 (AGO), 7/11/00 (CUC), 7/12/00 (AGO)  
 Date(s) of response letter(s) received : 4/4/97 (AGO), 4/20/98 (AGO), 7/18/00 (CUC)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CUC Executive Director should require the Comptroller to establish procedures to ensure that advances to employees are monitored, and that collection actions are initiated on all advances that remain unliquidated beyond the period allowed by law.	CUC	Open Delinquent	The Operating Manual prepared by CUC did not contain procedures for monitoring advances to employees.  <i>Further Action Needed</i>  CUC should establish procedures relating to the monitoring of advances to employees and provide copy of the procedures to OPA.
2. <i>As Redirected to AGO</i> - Take action to recover from the former Executive Director the \$5,300 advance.  <i>Original</i> - The CUC Executive Director should require the Comptroller to record the \$5,300 advance as a receivable and require the former Executive Director to return the amount.	AGO	Resolved Delinquent	On April 20, 1998, the AGO responded that the matter was still being investigated by the Civil Division.  On June 9, 1998, OPA in its follow-up letter requested AGO to specify the status of the investigation and refer the matter back to OPA for additional investigation.  <i>Further Action Needed</i>
3. <i>As Redirected to AGO</i> - Take action to recover \$7,333 in expenses paid twice and in error from the former Executive Director. For the hotel expenses of other travelers paid by the former Executive Director, recover the \$8,526 from the other travelers because they received per diem to pay the hotel but kept the money instead.	AGO	Resolved Delinquent	Recommendations 2, 3, and 5 - The AGO should provide the status of the investigation for OPA's review and evaluation.
5. <i>As Redirected to AGO</i> - Take action to recover from the former Executive Director \$23,368 in questioned expenses.	AGO	Resolved Delinquent	
6. The CUC Executive Director should	CUC	Resolved	The Executive Director provided OPA on



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>establish and implement written policies and procedures regulating official representation, entertainment, and other expenses of similar nature. The policy should clearly indicate the officials authorized to incur such expenses, the circumstances when such expenses may be incurred, dollar limits on the amount that may be spent, and the places where such entertainment may be conducted. The procedures should include procedures on how to request advances and document official representation expenses.</p>		Active	<p>7/18/00 a draft copy of policies regulating official representation and business entertainment expenses.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the adopted policies and procedures.</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 would develop and implement procedures regulating wire transfers and prepayments.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a copy of the procedures.</p>
<p>10. The CUC Executive Director should require the Comptroller to check CUC records to ensure that items purchased by the former Executive Director were actually received by CUC.</p>	CUC	Open Delinquent	<p>The Executive Director agreed with the recommendation but did not provide a plan of action.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA a plan of action to ensure that items purchased by the former Executive Director were received.</p>
<p>11. <i>As Redirected to AGO</i> - Take action to recover from the former Executive Director the \$24,857 due for an oven, tensioned, and winding machine assembly which were never received and whatever other amounts may be determined as a result of the above recommendations.</p>	AGO	Resolved Delinquent	<p>On April 20, 1998, the AGO responded that the matter was still being investigated by the Civil Division.</p> <p>On June 9, 1998, OPA in its follow-up letter requested AGO to specify the status of the investigation and refer the matter back to OPA for additional investigation.</p> <p><i>Further Action Needed</i></p> <p>The AGO should provide OPA for OPA's review and evaluation the status of the investigation.</p>

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

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

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CUC should ensure that billings are accurately processed, editing procedures are performed prior to processing of billings, and follow-up of customer disputes on a more timely basis is implemented.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with copy of procedures implemented to address misstatement of revenue and accounts receivable that occur when billings are not accurately processed, edited and timely entered in the accounts receivable system, as stated in auditee response.
2. CUC should execute formal agreements with all landowners on which CUC has assets.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with executed formal agreements with landowners for CUC's use of parcels of land, as stated in auditee response.
3. CUC should implement policies and procedures to ensure the timely follow-up and collection of balances due.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with actions taken by the Internal Auditor to periodically monitor delinquent accounts receivable, as stated in auditee response.

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4.	CUC should ensure that billing rates are entered accurately, and assigned customer rates are reviewed periodically to ensure that the appropriate rates are applied.	CUC	Open Active	Provide OPA with actions taken to review customer rates for water to be taken in FY2000, as stated in auditee response.
5.	CUC should ensure strict adherence to procurement policies and procedures.	CUC	Open Active	Provide OPA with actions taken to document pre-approved procurement actions by the Executive Director and/or Comptroller.
6.	CUC should pre-approve and appropriately document all non-emergency overtime.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with copy of document reminding Division managers and supervisors of CUC Policies and Procedures to deny non-emergency overtime that is not pre-approved.
7.	CUC should implement a system whereby a receivable/payable account records all cash received from the grantor agency and records all related expenditures.	CUC	Open Delinquent (Outstanding since FY1990 Single Audit)	Provide OPA copy of the accounting section's reconciliations of grant receivables, payables, expenditures, and contributed capital on a monthly basis as stated in auditee response.
8.	CUC should ensure implementation of reconciliation procedures between the records of the Federal Programs Coordinator and the Comptroller's office on a quarterly basis, to ensure completeness of recording of projects in the general ledger.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with copy of accounting section's reconciliations of grants, to ensure that all contributed assets and capital are properly recorded.
9.	CUC should reconcile with appropriate CNMI officials the balance due from the CNMI and record any necessary adjustments.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with copy of reconciliations of balance due from the CNMI per CUC's books to the balance recorded in the books of the CNMI government.
10.	CUC should ensure that all long outstanding balances that are included in the other receivables and travel advances account as of September 30, 1998 are reviewed and expensed where necessary.	CUC	Open Delinquent (Outstanding since FY1993 Single Audit)	Provide OPA with copy of actions taken to review advance and prepayment accounts as stated in auditee response.
11.	CUC should ensure that final inventory listings reflect quantities of items counted at balance sheet date.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with copy of procedures instituted to ensure that the count and inventory records match as stated in auditee response.

# Marianas Visitors Authority

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

Date(s) of followup letter(s) sent : 9/17/98 (GOV) (AGO) (DOF), 9/21/98 (MVA), 11/23/99 (DOF) (GOV), 11/24/99 (MVA), 1/26/99 1/5/2000 (AGO), 7/6/00 (MVA), 9/12/00 (MVA), 7/13/00 (DOF)  
 Date(s) of response letter(s) received : 1/4/2000 (DOF), 1/12/00 (GOV), 2/00 (DOF), 8/25/00 (MVA)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. The Managing Director, MVA Board members and procurement officials should familiarize themselves with the CNMI-PR. They should both review the CNMI-PR and request the P&S Director to provide explanation for parts they don't understand. MVA employees involved in the procurement of goods and services should be required to be familiar with the details of the regulations.	MVA	Open Active	The Managing Director stated that MVA will arrange with the P&S Division to conduct a future CNMI-PR familiarization workshop for the MVA Board and management.  <i>Further Action Needed</i>  MVA should provide a time frame for completing the workshop and provide copies of written requests or arrangements made with the P&S Division.
7. The Managing Director establish a filing system that can provide a complete history of the transactions with each individual contractor. Contract files generally consist of (1) contracting files which document the basis for acquisition and the award of the contract, (2) contract administration files which document actions taken to monitor contractor performance and compliance with the scope of work, and (3) payment contract files which document actions substantiating and reflecting contract payments.	MVA	Open Active	The Managing Director stated that presently, MVA has a paper trail which can trace the execution of a contract, performance monitoring, and payments to the contracts. However, this paper trail can be further improved with a file system as recommended.  <i>Further Action Needed</i>  MVA should provide a time frame for improving the filing system. Once completed, a copy of written policies and procedures describing the agency's filing system should be submitted to OPA. As discussed in the audit, there was no systematic or centralized filing system for contract documents. Most of the documents we gathered in reviewing a particular contract came from different sections of MVA.

# Northern Marianas College

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

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Board of Regents should take the following steps:</p> <ol style="list-style-type: none"> <li>1. Adopt and implement clear policies, procedures, and administrative sanctions that will ensure regular performance or control over the following:                             <ol style="list-style-type: none"> <li>1. the proper turnover of cashiering duties and responsibilities any time a cashier goes out of the office or is absent, and is temporarily relieved by another person making it impossible to commingle cash collected by the cashier with the reliever's cash collections.</li> <li>2. the proper custodianship for the cash safe's combination and key (only one person may have access), unused ORs, blank checks, and limited access to the cashier's office.</li> <li>3. use of control features in the computerized accounting system such as the use of passwords or log-on IDs, limiting access and user capabilities to specific users and key officials only. For example, people collecting tuition and other fees should only be allowed to see (inquiry options only) the student</li> </ol> </li> </ol>	NMC	Resolved Active	<p>On 8/28/00, NMC provided OPA with its draft internal control policies. OPA evaluated the policies and informed NMC in a letter dated 9/19/00 that the policies were not sufficient to close the recommendations. The policies did not specifically state the personnel who will be responsible in carrying out the specific duties and responsibilities within the Business Office. In addition, the draft internal control policies made no mention on legal and administrative sanctions in case an employee commits financial fraud.</p> <p><i>Further Action Needed</i></p> <p><i>Recommendation 1 and 2-</i> NMC should provide OPA a copy of the written policies and procedures of the Business Office. They should also incorporate in the written policies and procedures legal and administrative sanctions in case an employee commits financial fraud.</p>

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

# Northern Mariana Islands Retirement Fund

**I. Northern Mariana Islands Retirement Fund  
Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards  
Year Ended September 30, 1998**

Date(s) of followup letter(s) sent : 11/26/99 (NMIRF) (CGECU), 7/6/00 (NMIRF)  
Date(s) of response letter(s) received : 12/1/99 (NMIRF)

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

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



**Public School System**

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

Date(s) of followup letter(s) sent : 7/16/97, 2/02/98, 9/21/98, 11/26/99, 7/11/00  
Date(s) of response letter(s) received : None

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

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

Date(s) of followup letter(s) sent : 11/26/99, 7/11/00  
Date(s) of response letter(s) received : None

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

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

Date(s) of followup letter(s) sent : 11/26/99, 7/11/00  
Date(s) of response letter(s) received : None

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

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

Date(s) of followup letter(s) sent : 11/26/99, 7/6/00, 7/11/00  
Date(s) of response letter(s) received : None

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. PSS should institute policies and procedures to control access to and custodianship of participant files.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of policies and procedures developed in conjunction with UAP-Guam to revise and update the SPED policy and procedures handbook, as stated in auditee response.
3. PSS should ensure adherence to the standard Procurement Rules and Regulations.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of procedures adopted to retain documentation that shows compliance with established PSS procurement procedures, as stated in auditee response.
4. PSS should establish stringent controls to ensure all required documents of eligibility are submitted by each applicant.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of procedures adopted to ensure that child enrollment documents are properly filed and maintained in a locked file, as stated in auditee response.
5. PSS should ensure that the School Food Authority maintain applications on file in accordance with FNS guidelines.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of filing policies and procedures adopted to ensure appropriate record retention.
6. PSS should ensure that the School Food Authority maintain accurate meal counts and records.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of filing policies and procedures adopted to ensure appropriate record retention.
7. PSS should ensure that annual Single Audit are contracted prior to year end.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of the RFP for FY 1998, as stated in auditee response.
8. PSS should submit the SF-269A in compliance with the Memorandum of Understanding, and maintain and adhere to a schedule of federal reporting deadlines.	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA copy of actions taken to adhere to a schedule of federal reporting deadlines.
9. PSS should maintain and adhere to a schedule of federal reporting	PSS	Open Active	Provide OPA copy of actions taken to adhere to a schedule of federal reporting deadlines.

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

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

Date(s) of follow-up letter(s) sent : 11/26/99, 7/11/00

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

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

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
19. The Chairman of the TCGCC should establish formal regulations to control official representation and grocery expenses.	TCGCC	Resolved Delinquent	<p>should be provided to OPA.</p> <p>TCGCC provided us a copy of their Official Representation Policy. However, it was not sufficient to address the recommendation.</p> <p><i>Further Action Needed</i></p> <p>To close the recommendation, TCGCC should amend its Official Representation Policy to include written policies and procedures for official representation and entertainment expenses as specifically enumerated in our audit report.</p>
25. The Chairman of the TCGCC should establish in writing and enforce regulations in TR authorization requirements and voucher computations. The Gaming Commission should not allow a traveler to authorize his own travel.	TCGCC	Resolved Delinquent	<p>TCGCC provided us a copy of a memorandum dated 10/8/1998 on Travel Policy. However, it was not sufficient to address the recommendation.</p> <p><i>Further Action Needed</i></p> <p>To close the recommendation, TCGCC should amend the Travel Policy to include provisions to prevent travelers from authorizing their own travel requests.</p>
29. The Chairman of the TCGCC should issue directives or policies for assigning a person to monitor the receipts and disbursements of licensing cost deposit, proper documentation of charges against the licensing cost deposits of applicants, acceptable method of allocating operating and overhead cost to applicants' licensing cost, requiring the accountant to make the necessary adjustments to the FS, the revised duties and responsibilities of the Gaming Commission and the Municipal Treasurer, requiring the Municipal Treasurer to deposit all local revenues generated from casino-related operation to the Municipal Treasurer bank account, requiring the staff assigned to process payrolls to study and strictly comply with the rules on taxes.	TCGCC	Open Delinquent	<p>Provide us the following memorandum and forms: directive assigning a person to monitor the receipts and disbursements of licensing cost deposit, policies for proper documentation of charges against the licensing cost deposits of applicants, procedures on an acceptable method of allocating operating and overhead cost to applicants' licensing cost, directive requiring the accountant to make the necessary adjustments to the FS, policies for the revised duties and responsibilities of the Gaming Commission and the Municipal Treasurer, directive requiring the Municipal Treasurer to deposit all local revenues generated from casino-related operation to the Municipal Treasurer bank account, directive requiring the staff assigned to process payrolls to study and strictly comply with the rules on taxes.</p>

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

Date(s) of followup letter(s) sent : 1/5/2000 (AGO), 7/12/00 (AGO)  
Date(s) of response letter(s) received : 4/9/99 (TMO), 1/20/2000 (AGO)

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

# Washington Representative's Office



<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
			WRO should provide OPA with copies of documents evidencing collection of the \$50.25 balance of the employee loan.

**APPENDIX A****Acronym Used**

A&E	Architect and Engineer
AGO	Office of the Attorney General
AR	Audit Report
AWOL	Absence Without Leave
BMV	Bureau of Motor Vehicles
BOED	Board of Education
BOELEC	Board of Election
C&A	Castro & Associates
CAO	Carolinian Affairs Office
CDA	Commonwealth Development Authority
CFDA	Catalogue of Federal Domestic Assistance
CFR	Code of Federal Regulation
CGECU	Commonwealth Government Employees Credit Union
CHC	Commonwealth Health Center
CJIS	Criminal Justice Information System
CNMI	Commonwealth of the Northern Mariana Islands
CNMI-PR	Commonwealth of the Northern Mariana Islands - Procurement Regulations
CPA	Commonwealth Ports Authority
CSC	Civil Service Commission
CSR	Central Supply Room
CUC	Commonwealth Utilities Corporation
DCCA	Department of Community and Cultural Affairs
DCD	Development Corporation Division
DDC	Developmental Disabilities Council
DFW	Division of Fish and Wildlife
DL	Driver's License
DLI	Department of Labor and Immigration
DLNR	Department of Lands & Natural Resources
DOC	Department of Commerce
DOF	Department of Finance
DOI	US Department of the Interior
DOLI	Department of Labor and immigration
DPH	Department of Public Health
DPL	Division of Public Lands
DPS	Department of Public Safety
DPW	Department of Public Works
DTA	Daily Time and Attendance
DTAR	Daily Time and Attendance Reports
EDP	Electronic & Data Processing
EEOC	Equal Employment Opportunity Commission

EMO	Emergency Management Office
FAR	Federal Acquisition Regulations
FASB	Financial Accounting Standards Board
FLSA	Fair Labor Standards Act
FMS	Financial Management System
FS	Financial Statements
FTE	Full Time Employment
FY	Fiscal Year
GASB	Governmental Accounting Standards Board
GOV	Office of the Governor
GSLA	Guam Savings and Loan Association
HCFA	Health Care Financing Administration
HOUSEREP	House of Representatives
HRDTF	Human Resources Development Trust Fund
HUD	Housing and Urban Development
ID	Identification
JFF	Just For Fun
LEGBUREAU	Legislative Bureau
LIBCOUNCIL	Library Council
LT	Letter Report
MBG	MBG Management Services, Inc.
M/HLO	Marianas/Hawaii Liaison Office
MOU	Memorandum of Understanding
MPLC	Marianas Public Land Corporation
MRO	Medical Referral Office
MVA	Marianas Visitors Authority
NAP	Nutrition Assistance Program
NIMO	Northern Islands Mayor's Office
NMC	Northern Marianas College
NMHC	Northern Marianas Housing Corporation
NMI-GHLITF	Northern Mariana Islands Government Health and Life Insurance Trust Fund
NMIRF	Northern Mariana Islands Retirement Fund
NMSCI	Northern Marianas Seafood Corporation, Inc.
OMB	Office of Management and Budget
OPA	Office of the Public Auditor
OPM	Office of Personnel Management
OR	Official Receipt
PDO	Public Defender's Office
P&S	Procurement & Supply
PIEI	Pacific Islands Education Initiative
PIL	Pacific Instant Lottery
PO	Purchase Order
PSSRR	Public School Personnel System Rules and Regulations
PSSRRJ	Public School Personnel System Rules and Regulations Judiciary
PSS	Public School System
RFP	Request for Proposals

RHC	Rota Health Center
RMC	Rota Municipal Council
RMO	Rota Mayor's Office
SAA	Special Assistant for Administration
SMC	Saipan Municipal Council
SMO	Saipan Mayor's Office
SPMC	Supreme Court
SPRC	Superior Court
STS	Summary Time Sheet
TA	Travel Authorization
TCGCC	Tinian Casino Gaming Control Commission
TMC	Tinian Municipal Council
TMO	Tinian Mayor's Office
TMS	TMS Saipan, Ltd.
TR	Travel Request
TSD	Technical Services Division
TV	Travel Voucher
US	United States
UTR	Unposted Transaction Reports
WASHREP	Washington Representative
WCC	Workmen's Compensation Commission
WRO	Washington Representative's Office
WSR	William S. Reyes

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