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Commonwealth of the Northern Mariana Islands

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REPORT ON CNMI AGENCIES' IMPLEMENTATION OF AUDIT RECOMMENDATIONS AS OF JUNE 30, 2002

(with agency responses up to September 25, 2002 incorporated)

December 2, 2002

Interagency Audit Coordinating Advisory Group
Saipan, MP 96950

Enclosed is a copy of the report on CNMI agencies' implementation of audit recommendations included in audit reports issued by the Office of the Public Auditor (OPA) as of June 30, 2002. OPA tracked a total of 112 recommendations during the period from January 1 through June 30, 2002.

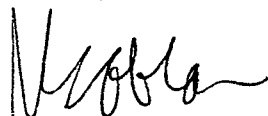
We have also included in this report recommendations issued by private CPA firms. As of June 2002, OPA tracked 122 recommendations in 10 audit reports issued by private CPA firms.

For the first six months of 2002, OPA issued three procurement reports, *i.e.*, decisions on appeals and requests for reconsideration as well as six compilation reports.

Although the Coordinating Group members did not meet during the first six months of 2002, OPA again issued follow-up letters and/or called various government agencies with outstanding audit recommendations as of June 30, 2002. Meetings on various dates were also held with government agencies to discuss and clarify actions to be taken to close outstanding recommendations. Also, a copy of agency responses to the CNMI Single Audit recommendations were provided to the Independent Auditor who conducted the Single Audit to determine if the actions taken were sufficient to consider the recommendations closed. This report incorporates the results of those meetings, agency responses to follow-up letters, and the Independent Auditor's responses to actions taken to address Single Audit recommendations which OPA received on or before September 25, 2002. The meetings and response letters received resulted in the closure of some audit and Single Audit recommendations.

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

Sincerely,



Michael S. Sablan, CPA
Public Auditor

cc: Governor Juan N. Babauta
Lt. Governor Diego T. Benavente
Members, Thirteenth CNMI Legislature (25 copies)
Local Media

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Introduction

Background

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

In early 1999, the former Governor appointed the former Secretary of the Department of Finance as the Chairperson of the Coordinating Group. The former 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 former Governor issued a memorandum advising all Department and Activity Heads to provide assistance to the Coordinating Group in resolving all outstanding recommendations.

In early 2000, the Coordinating Group met and decided to follow-up on the actions taken by various government agencies to address OPA's outstanding audit recommendations by scheduling meetings with each Department Head. Starting September 2000, meetings were held by the Coordinating Group to discuss actions which could be taken to close the outstanding recommendations pertaining to government agencies under the Executive Branch of the Government which include, among others, the Department of Public Safety, the Department of Community and Cultural Affairs, the Department of Lands and Natural Resources, the Attorney General's Office, the Department of Public Health, the Department of Finance and the Department of Public Works.

The Coordinating Group members did not meet with OPA and agency heads in 2001. OPA, however, sent follow-up letters and/or called various government agencies asking them what actions were taken toward addressing the outstanding recommendations. OPA met on various dates with government agencies such as the Commonwealth Development Authority, the Commonwealth Ports Authority, the Department of Community and Cultural Affairs, the Department of Finance, the Department of Lands and Natural Resources, the Department of Public Safety, the Department of Public Works, the Emergency Management Office, the Medical Referral Office, the Northern Mariana Islands Retirement Fund, the Office of the Governor, the Office of Management and Budget, the Public School System, the Saipan Mayor's Office, the Tinian Casino Gaming Control Commission, and the Washington Representative's Office, to discuss and clarify actions to be taken to close outstanding recommendations.

On March 13, 2002, the then-Acting Governor issued a letter to the Senate President, Speaker of the House, and the then-Acting Secretary of Finance to remind them of their membership on the Coordinating Group. The Acting Governor also requested the Senate President and the Speaker of the House to designate a "minority leader" in each house in order to enable the Coordinating Group to perform its statutory tasks.

Although the Coordinating Group members did not meet during the first six months of 2002, OPA again issued follow-up letters and/or called various government agencies with outstanding audit recommendations as of June 30, 2002. Meetings on various dates were also held with government agencies such as the Department of Community and Cultural Affairs, the Commonwealth Utilities Corporation, and the Division of Fish and Wildlife to discuss and clarify actions to be taken to close outstanding recommendations. Also, a copy of agency responses to the CNMI Single Audit recommendations were provided to the Independent Auditor who conducted the Single Audit to determine if the actions taken were sufficient to consider the recommendations closed. This report incorporates the results of those meetings, agency responses to follow-up letters, and the Independent Auditor's response to actions taken by two agencies to address Single Audit recommendations which OPA received on or before September 25, 2002. The meetings and response letters received resulted in the closure of some audit and Single Audit recommendations. In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals and entities in the audits are not disclosed in this report.

Audit Recommendations Tracking System

OPA maintains an audit recommendations tracking system to monitor implementation and resolution of audit recommendations.

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

Status of Audit Recommendations



Audit recommendations tracked for the first six months of 2002 totaled 112. Of the 112 audit recommendations, 37 were closed and 75 remained either open or resolved. Of the 75 open or resolved recommendations, 52 were considered delinquent.

The following table presents a comparative schedule of the status of all our audit recommendations for calendar years 2000, 2001 and for the first six months of 2002.

| Status of Audit Recommendations | 2000 | 2001 | up to 6/30/02 |
|---|-------|------|------------------|
| Recommendations Tracked for the Year | 264 | 199 | 112 |
| Less: Closed Recommendations | (102) | (87) | (37) |
| Outstanding Recommendations, End of Year (Open or Resolved) | 162 | 112 | 75 |
| Number of Delinquent Recommendations | 61 | 47 | 52 |

The meetings held with some government agencies and response letters received from various other government agencies resulted in closure of recommendations and encouraged agency action on delinquent recommendations. OPA closed 37 or 33 percent of the 112 recommendations it tracked in the first six months of 2002. The number of delinquent recommendations, however, increased by 10 percent as of June 30, 2002.

We have also included in this report recommendations issued by private CPA firms. As of June 30, 2002, OPA tracked 122 recommendations in 10 audit reports issued by private CPA firms. Of the 122 recommendations, 21 were closed and 101 remained either open or resolved. Of the 101 open or resolved recommendations, 18 are considered delinquent.

Other OPA Reports

For the first six months of 2002, OPA issued three procurement reports, *i.e.*, decisions on appeals and requests for reconsideration as well as six compilation reports.

The following table presents a comparative schedule of the other reports issued by OPA during calendar years 2000, 2001 and for the first six months of 2002.

| Other Reports | 2000 | 2001 | up to 6/30/02 |
|---|------|------|------------------|
| Procurement Reports (decision on appeals, request for reconsideration) | 6 | 7 | 3 |
| Special Reports (management letters, testimonies, compilation, surveys) | 1 | 7 | 6 |
| Number of Special Reports Issued During the Year | 7 | 14 | 9 |

Procurement reports issued include a decision on an appeal and two requests for reconsideration on the following: (1) procurement of the design and development of the CNMI Customs Tax Automation Computer Maintenance Services, (2) response to a request for reconsideration of OPA's decision on the Susupe Sports Complex parking lot procurement matters, and (3) response to a request for reconsideration of OPA's decision on the design and development of the CNMI Customs Tax Automation Computer Maintenance Services procurement matters.

Special compilation reports issued pertained to the following: (1) government deposits in banks and financial institutions, (2) Law Revision Commission reprogramming authority and actions, (3) applicability of the salary ceiling to the CNMI Executive Branch, (4) Kagman Elementary School project, (5) Department of Public Safety Confidential Informant Funds for fiscal years 2000 and 2001, and (6) A&E services for the design of the upgrade (phase II) of the Saipan Beach Road Sewer System.

Closed Recommendations

An analysis of the 37 closed recommendations for the first six months of 2002 showed that most were closed because agencies acted by implementing policies and procedures, and by issuing memoranda and directives to reemphasize the need to comply with existing laws and regulations. The following table shows a breakdown of actions taken by the agencies to close the 37 recommendations.

| Actions Taken to Close Recommendations | No. of Closed Recommendations |
|--|-------------------------------|
| Implementation of Recommendation; Alternative Actions Taken; Drafting Policies and Procedures; and Issuance of Memoranda | 18 |
| Provided Proof of Compliance with Time and Attendance | 5 |
| Adoption of Personnel Rules and Regulations | 4 |
| Policy Decisions | 4 |
| Provided Proof of Compliance with Vehicle Regulations | 1 |
| Recovery of Monies Improperly Disbursed | 1 |
| To be Addressed in Separate On-going Audit | 1 |
| Dropped by OPA due to passing of Statute of Limitations and employees in question no longer working for the office | 3 |
| Total for the First Six Months of 2002 | 37 |

Delinquent Recommendations

Delinquent recommendations slightly increased by 5 (10%) from 47 in 2001 to 52 for the first six months of 2002.

| Year | 2000 | 2001 | up to 6/30/02 |
|--------------|-----------|-----------|------------------|
| 1994 | 5 | 0 | 0 |
| 1995 | 8 | 5 | 3 |
| 1996 | 2 | 0 | 2 |
| 1997 | 3 | 2 | 11 |
| 1998 | 25 | 12 | 7 |
| 1999 | 6 | 5 | 6 |
| 2000 | 12 | 20 | 16 |
| 2001 | 0 | 3 | 7 |
| Total | 61 | 47 | 52 |

Table 1 - Delinquent Recommendations

Below is an aging of the 52 delinquent recommendations issued in years 1995 to 2001:

| Agency to Act | Year Report Was Issued | | | | | | | Total |
|--|------------------------|------|------|------|------|------|------|-------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | |
| 1. Attorney General's Office | 3 | 1 | 5 | 3 | 2 | 3 | | 17 |
| 2. Public School System | | | 2 | 1 | 2 | 5 | | 10 |
| 3. Department of Finance | | 1 | 3 | | 1 | 3 | 1 | 9 |
| 4. Northern Mariana Islands Retirement Fund | | | | | | 3 | 5 | 8 |
| 5. Rota Municipal Council | | | | 3 | | | | 3 |
| 6. Legislature | | | | | | 1 | 1 | 2 |
| 7. Department of Public Health | | | | | 1 | | | 1 |
| 8. Office of Management and Budget | | | 1 | | | | | 1 |
| 9. Office of the Governor | | | | | | 1 | | 1 |
| 10. Board of Marianas Public Lands Authority | | | | | | | | 0 |
| 11. Commonwealth Development Authority | | | | | | | | 0 |
| 12. Commonwealth Government Employees Credit Union | | | | | | | | 0 |
| 13. Commonwealth Ports Authority | | | | | | | | 0 |
| 14. Commonwealth Utilities Corporation | | | | | | | | 0 |
| 15. Department of Community and Cultural Affairs | | | | | | | | 0 |
| 16. Department of Lands and Natural Resources | | | | | | | | 0 |
| 17. Department of Public Safety | | | | | | | | 0 |
| 18. Department of Public Works | | | | | | | | 0 |
| 19. Emergency Management Office | | | | | | | | 0 |
| 20. Marianas Public Lands Authority | | | | | | | | 0 |
| 21. Marianas Visitors Authority | | | | | | | | 0 |
| 22. Medicaid Office | | | | | | | | 0 |
| 23. Northern Mariana Islands Government Health and Life Insurance Trust Fund | | | | | | | | 0 |
| 24. Northern Marianas College | | | | | | | | 0 |

| Agency to Act | Year Report Was Issued | | | | | | | Total |
|---|------------------------|------|------|------|------|------|------|-------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | |
| 25. Saipan Mayor's Office | | | | | | | | 0 |
| 26. Senate | | | | | | | | 0 |
| 27. Senate President | | | | | | | | 0 |
| 28. Speaker of the House of Representatives | | | | | | | | 0 |
| 29. Superior Court | | | | | | | | 0 |
| 30. Tinian Casino Gaming Control Commission | | | | | | | | 0 |
| 31. Washington Representative's Office | | | | | | | | 0 |
| 32. Workmen's Compensation Commission | | | | | | | | 0 |
| Number of Delinquent Recommendations | 3 | 2 | 11 | 7 | 6 | 16 | 7 | 52 |

AGO action needed for recovery of at least \$1,193,322

As of June 30, 2002, recommendations in 12 audit reports were referred to the Attorney General's Office (AGO) for legal action to recover monies improperly expended. According to OPA's audit reports described in the following table, approximately \$1,193,322 is potentially recoverable. (OPA requested on August 12, 2002 and October 3, 2002 an update of its referrals to the AGO. The AGO did not respond to our referrals, however, OPA was able to close one recommendation based on information provided by the Department of Finance and added an additional referral based on the recommendation of the Commonwealth Ports Authority. The table below is basically unchanged from our previous tracking report for the period ending December 31, 2001 except for the two changes noted.)

| | Report No. (Issue Date) | Particulars | Amount Recoverable | Status per AGO |
|---|----------------------------|--|-----------------------|--|
| 1 | AR-99-03 (4-7-99) | TCGCC - Legal action to recover overpayment of \$543,375 from the consultant on grounds of unjust enrichment, conversion, fraud and breach of fiduciary duty and recovery of \$195,971 from three other individuals for breach of fiduciary trust for total amount recoverable of \$739,346. | \$739,346 | On December 31, 2001, civil action was filed against the consultant and three other individuals for unjust enrichment, conversion, fraud and breach of fiduciary duty. |
| 2 | AR-00-01 (4-13-00) | DPW - Recovery of \$164,534 in improper payments made to a surveying contractor and adverse action against contractor for misrepresentation relating to the Tinian road resurfacing project in 1997. | 164,534 | AGO requested that restitution be ordered by the United States Probation Department; status required for related legal action for debarment of contractor. |

| | Report No. (Issue Date) | Particulars | Amount Recoverable | Status per AGO |
|---|----------------------------|---|-----------------------|---|
| 3 | AR-97-05 (3-20-97) | CNMI - Promissory note for \$96,100 on overpayment of two professional services contracts (Contract nos. C40113 and C50108) covering the period October 1, 1991 to July 20, 1995. | 96,100 | Partial recovery of \$4,200 leaving a balance of \$91,900 still to be recovered. |
| 4 | AR-98-06 (12-14-98) | DOF - Funds misused by the former Secretary of Finance during fiscal years 1995 to 1997. | 75,000 | AGO to file Motion for Summary Judgement in the civil action filed against the former Secretary of Finance. |
| 5 | AR-99-04 (10-28-99) | CNMI - Questionable payments on three professional services contracts (Contract nos. C70180, C70301, C70220) covering the period October 1, 1995 to May 4, 1998. | 45,000 | AGO does not intend to take any action to collect \$208,400 on contract nos. C70180 and C70301 due to jurisdictional issues involved; AGO proceeded with legal action for contract no. C70220. |
| 6 | AR-97-11 (8-12-97) | GOV - Office of the Special Assistant for Drug and Substance Abuse - Excess payment to a contractor for professional services rendered from March 27, 1996 to February 28, 1997. | 21,365 | AGO to determine if legal action will be taken to pursue collection. |
| 7 | LT-98-07 (8-5-98) | DOF - Overpayment of salaries to a former Technical Financial Analyst for tardiness, absences and excess overtime for the period September 28, 1997 to March 28, 1998. | 4,900 | AGO will send out demand letter requesting employee to return overpayment. AGO informed OPA that the \$6,302 to be recovered was reduced by garnished bonus payment of \$1,402, leaving a balance of \$4,900. |
| 8 | AR-97-06 (4-23-97) | DPH - Rota Health Center (RHC) - Recovery from the former RHC Director of amount taken from RHC funds and reimbursement for cost of a washing machine for the period December 1993 to March 1996. | 4,982 | AGO stated that the Statute of Limitations has passed on this matter. OPA requested AGO to document applicability of the Statute of Limitations to formally close the recommendation. |

| | Report No. (Issue Date) | Particulars | Amount Recoverable | Status per AGO |
|--------------------------|----------------------------|--|-----------------------|--|
| 9 | AR-97-07 (6-3-97) | DPH - Developmental Disabilities Council (DDC) - Recovery from the former DDC Executive Director of the unpaid balance of charges in personal calls, advances and retroactive salary increase as of July 1996. | 1,964 | According to AGO, although demand letters were sent out, the Statute of Limitations has passed on most items included in the report. OPA requested AGO to document applicability of the Statute of Limitations to formally close the recommendation. |
| 10 | AR-96-05 (3-21-96) | MPLA - Recovery of rentals due from a restaurant and recovery from a lessor of all payments collected from a sublessee for the subleasing of the Saipan Fishing Center building as of October 31, 1995. | Unknown. | AGO to provide results of its review on the matter. |
| 11 | AR-95-18 (10-10-95) | MPLA - Double payment of travel expenses and overpaid per diem allowances to the former Executive Director and former Comptroller for the period September 1992 to September 1994. | Unknown. | AGO to provide documents on conveyance of property for debt settlement of former Executive Director and copy of judgement on lawsuit filed against former Comptroller. |
| 12 | AR-95-17 (10/2/95) | CPA - Legal action to recover the remaining balance of \$40,131 for improper reimbursement from the board members. | 40,131 | AGO to issue a determination on whether the recommendation should be pursued in court. |
| Total Amount Recoverable | | | \$1,193,322 | |

OPA also referred to AGO four audit reports to request legal opinion to (1) clarify issues relating to "Full Time Employment vacancies" and "transfers" (Report No. LT-98-11 issued on August 16, 1998), (2) determine whether a notice of debarment of a contractor from future government contracting is appropriate (Report No. AR-00-01 issued on April 13, 2000), (3) determine whether CDA has the statutory authority to promulgate its own regulations on procurement (Report No. AR-00-02 issued on July 10, 2000), and (4) determine propriety of CPA's practice of making advance payments of unused annual leave and salary, instead of complying with the provision in the employment contracts that payments will be made upon contract expiration (Report No. AR-00-03 issued on July 20, 2000).

One audit report relating to the Outer Cove Marina operation was also referred to AGO to request for the status of the on-going negotiation between the CNMI government and the submerged land lessee (Report No. AR-01-02 issued on March 22, 2001).

One OPA claim previously referred to AGO was fully paid and now considered closed. OPA was provided a copy of the official cash receipt by DOF evidencing payment made by a former Acting Attorney General on September 9, 2002 for the remaining balance of \$8,474 pursuant to a claim included in our Audit of Professional Services Contract with the CNMI's Former Acting Attorney General (Report No. AR-98-05 issued on August 18, 1998).

Potential recovery of \$5.9 million hinges on agencies' actions

Recommendations in fourteen audit reports identified potential recoveries due to unpaid rentals of land leases, overpayments in professional services contracts, and improper expenditures of public funds. Recovery efforts by various agencies are ongoing to collect approximately \$5,924,746.

As of September 24, 2002, initial actions by agencies resulted in partial recovery of \$150,573 and one claim of \$40,131 re-directed to AGO leaving a balance of \$5,734,043 recoverable as shown in the following table.

| | Report No. (Issue Date) | Particulars | Amount Recoverable | Status per Agency |
|---|----------------------------|---|-----------------------|--|
| 1 | AR-00-04 (11-22-00) | Board of Marianas Public Lands Authority - Collection of rentals from 8 quarry operators for six lease years from 1990 to 1995 totaling \$4,690,708, less \$946,968 write-off for one bankrupt quarry operator resulting in an amount recoverable of \$3,743,740. | \$3,743,740 | \$67,213 was recovered from four quarry operators. |
| 2 | AR-99-04 (10-28-99) | CNMI - Overpayments of \$87,096 on ten professional services contracts immediately recoverable of which \$11,000 was redirected to AGO (C70180 & C70149) and \$6,000 is not to be pursued (C60334), resulting in net amount recoverable of \$70,096; Various unsupported expenses for \$1,400,956 recoverable unless adequately supported by the contractors; total net amount recoverable of \$1,471,052. | 1,471,052 | Of the \$70,096 in net amount recoverable, partial recovery was \$61,794 (for C50305, C60114 and C60142), leaving a balance of \$8,302 (Contract Nos. C60196, C70156, C50388 and C60355) |
| 3 | AR-00-05 (12-14-00) | PSS - Recover Trust Fund money used for the operation of the MHS Food Court covering school year 1998-1999. | 369,866 | PSS to restore funds back to the Trust Fund. |
| 4 | AR-00-03 (7-20-00) | CPA - NMIRF to recover improper payments to two former CPA officials for retirement benefits and compensatory time claimed. | 126,730 | NMIRF started withholding 50% of the former CPA Executive Director's semi-monthly pension; written settlement plan required for the former CPA Security Chief. |

| | Report No. (Issue Date) | Particulars | Amount Recoverable | Status per Agency |
|---|----------------------------|--|-----------------------|---|
| 5 | AR-98-06 (12-14-98) | DOF - Funds misused by the former Secretary of Finance from fiscal years 1995 to 1997. | 56,462 | \$56,462 is the total restitution ordered by the Federal Court. |
| 6 | AR-95-18 (10-10-95) | MPLA - Double payment of travel expenses and overpaid per diem allowances to the former Board Chairman, Tinian board member and Rota board member for the period September 1992 to September 1994. | 52,977 | Partial recovery of \$17,800. |
| 7 | AR-95-17 (10-2-95) | CPA - Improper disbursements from the board members covering selected board-related transactions from fiscal years 1991 to 1994. | 42,191 | Partial recovery of \$2,060; remaining balance of \$40,131 was re-directed to AGO for recovery. |
| 8 | AR-97-05 (3-20-97) | CNMI - Overpayment to contractors of three professional services contracts (Contract nos. C40276, C50083 & C50208) audited covering the period October 1, 1991 to July 20, 1995. | 25,079 | Status pending from agency. |
| 9 | AR-99-01 (1-5-99) | PSS - Pursue accountability for funds for the William S. Reyes School and 50 th Golden Jubilee Funds within the inclusive period from October 1994 to October 1996. | 12,123 | Status pending from agency. |
| 10 | AR-00-02 (7-10-00) | CDA - Recover accrued interest on public funds advanced for parking lot improvements from January 1998 to August 1999 | 9,278 | Partial recovery of \$325. |
| 11 | AR-97-06 (4-23-97) | DPH - Deny claims for repairs and non-existent lease for the period December 1993 to March 1996. | 9,000 | Status pending from agency. |
| 12 | AR-99-02 (3-29-99) | WRO - Outstanding employee loans for Fiscal Years 1995 and 1996. | 3,580 | Partial Recovery of \$1,380. |
| 13 | LT-01-05 (8/15/01) | NMIRF - Audit of Billings for a Professional Services Contract During the Period October 1, 1996 Through February 29, 2000 | 2,268 | Status pending from agency. |
| 14 | LT-01-08 (11-30-01) | DPS - Outstanding Confidential Fund advances for Fiscal Year 1999. | 400 | Status pending from agency. |
| Total Amount Recoverable | | | \$5,924,746 | |
| Less: Partial Recoveries | | | (150,572) | |
| Less: Re-directed to AGO | | | (\$40,131) | |
| Balance of Amount Recoverable as of 9/24/02 | | | \$5,734,043 | |

Executive Branch Offices

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

Office of the Governor

**I. Report No. AR-97-II issued August 12, 1997
 Audit of Procurement of Professional Services by the
 Office of the Special Assistant for Drug and Substance Abuse**

Date(s) of followup letter(s) sent : 2/02/98, 9/17/98, 11/23/99, 7/13/00 (DOF), 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 8/20/98 (AGO), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|--|--------------------------------|---|
| <p>5. <i>Original:</i> Reduce any future payments to the contractor by \$21,365, which was paid in excess of the firm fixed price. In particular, the \$21,365 should be offset against the \$10,584 (under PO P68172) and \$12,309 (supplemental contract C70199) which are valid unpaid billings by the Contractor.</p> | <p>DOF - Redirected to AGO</p> | <p>Resolved Delinquent</p> | <p>AGO's 8/20/98 opinion stated that payments were 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. AGO therefore recommended to DOF that those separate obligations be paid.</p> <p>Since payments have been made on PO P68172 and supplemental contract C70199 in the combined amounts of \$22,893, the Secretary of Finance should still take action to recover the \$21,365 payment in excess of the firm fixed price.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 sent to the contractor to collect the \$21,365 in excess payments. On 11/27/00, DOF referred the matter to AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to referrals for potential recovery of monies. In a follow-up letter to AGO dated 2/14/02,</p> |
| <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$21,365 which was paid in excess of the firm fixed price.</p> | | | |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.

Further Action Needed

The AGO should notify OPA of the results of its review and if legal action to pursue collection of the \$21,365 in excess payments will be taken.

**2. 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 (AGO), 1/5/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 8/15/01 (AGO), 8/21/01 (AGO) (DOF), 2/14/02 (AGO), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 2/00 (DOF), 11/9/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 5/01 (DOF), 2/12/02 (meeting with AGO), 9/9/02 (DOF)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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2. *Original:* 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.

As Revised and Redirected to the AGO: Determine appropriate legal action to be taken to pursue collection of the \$35,125 in overpayments (Contract No. C60376).

DOF -
Redirected
to AGO

Closed

The Contractor responded on 7/5/01. OPA reviewed the Contractor's written response to the report and ascertained that \$26,651 of the \$35,125 reported overpayment has already been repaid. In its 8/15/01 letter, OPA has requested AGO to make a legal determination whether or not the Contractor's explanation for the remaining balance of \$8,474 is sufficient to satisfy pursuit of any further claim.

On 9/12/02, DOF provided OPA with a copy of the 9/9/02 letter to the contractor from the Secretary of Finance acknowledging receipt of payment in the amount of \$8,474 pursuant to AR-98-05. OPA was also provided a copy of the official cash receipt dated 9/9/02 evidencing payment of the \$8,474 for the remaining balance of the overpayment.

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | The documents provided were sufficient to consider the recommendation closed. |

**3. Report No. LT-01-02 issued May 3, 2001
Audit of the Maintenance and Use of the Challenger
Since its Purchase in 1995**

Date(s) of followup letter(s) sent : 8/22/01, 3/4/02, 8/12/02

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

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------------|--------------------|---|
| 6. The CNMI Legislature should amend 1 CMC §7402 (a) (2) of the Planning and Budgeting Act by adding a provision to the Act that any CNMI Government employee who illegally reprograms government funds or receives illegally reprogrammed funds will be held personally liable for the amount of the reprogramming action. | CNMI Legislature | Open Delinquent | In a letter dated 4/2/01, the Attorney General advised that the reprogramming authorized by a former official of the Office of Management and Budget did indeed violate the Planning and Budgeting Act. However, the Act provides no sanction or remedy for this violation. Consequently, the Attorney General's Office is unable to take appropriate action because evidence was not presented showing that reprogramming action itself involved a clear waste and abuse of government funds. The Attorney General, however, stated that this illegal action and OPA's report clearly identified a defect in the Act, and agreed to support legislative action to amend the law. OPA agreed with the Attorney General's position that legislation should be introduced to amend the Act. OPA therefore added Recommendation No. 6 for the Legislature to act upon. |
| | | | <i>Further Action Needed</i> |
| | | | The CNMI Legislature should provide OPA a copy of the amended Planning and Budgeting Act after a provision is added to 1 CMC § 7402(a)(2) making any CNMI Government employee who illegally reprograms government funds or |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | receives illegally reprogrammed funds personally liable for the amount of the reprogramming action. |

Department of Community and Cultural Affairs

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

Date(s) of followup letter(s) sent : 11/22/99, 7/6/00, 1/30/01, 8/22/01, 3/4/02, 8/9/02

Date(s) of response letter(s) received : 10/3/00 (meeting with the Coordinating Group on DCCA), 3/21/02 (meeting with DCCA Secretary), 4/5/02 (meeting with DCCA Accountant), 8/26/02 (meeting with DCCA Officials), 9/6/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------|---|
| 2. Restrict employees from admittance and/or use of the facilities and vehicles for other than lawful government-approved business or activities. | DCCA | Closed | <i>For recommendations 2 & 4 - the DCCA Secretary provided OPA with a copy of his two memorandums dated 9/5/02 directed to all DCCA Personnel on the proper use of government vehicles and facilities. A copy of the memorandum to the Office of Aging's former Kitchen Supervisor from the DCCA Secretary was also provided to OPA. It documented the DCCA Secretary's meeting with the former Kitchen Supervisor regarding the findings in the OPA report. The former Kitchen Supervisor was counseled to adhere to proper use of facilities, and was warned that while his employment would still be continued, any future violation would be dealt with severely. The documents provided were sufficient to consider both recommendations closed.</i> |
| 4. Institute appropriate adverse actions against the Office of Aging's (Office) former Accountant and Kitchen Supervisor in accordance with personnel regulations. | DCCA | Closed | |

Department of Finance

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

Date(s) of followup letter(s) sent : 9/17/98, 11/23/99, 7/13/00, 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 10/22/98, 12/18/98, 2/10/99, 9/27/00, 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01(AGO), 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|------------------------------------|--------------------------------|--|
| <p>3. <i>Original:</i> Recover from the Technical Financial Analyst the \$6,302 overpayment (\$5,975 for tardiness and absences, and \$327 for excess overtime). The employee, however, should be given the option to offset his time-off against his annual leave in accordance with existing personnel regulations.</p> | <p>DOF - Redirected to AGO</p> | <p>Resolved Delinquent</p> | <p>In a 12/18/98 letter sent to the Technical Financial Analyst, the DOF Secretary stated that the 79 hours annual leave balance of the employee amounting to \$1,616 will be used to settle a portion of the outstanding amount. The remaining balance of \$4,686 will be repaid through payroll deductions 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><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$6,302 in overpayment (\$5,975 for tardiness and absences, and \$327 for excess overtime).</p> | | | <p>On 9/27/00, DOF provided OPA a copy of the letter of the CSC to the Technical Financial Analyst which stated that CSC considered the case closed because the Technical Financial Analyst failed to respond.</p> |
| | | | <p>We verified with DOF whether the closure of the case by CSC would mean that DOF can now proceed with recovery of the overpayment. DOF informed OPA that they were advised by their Legal Counsel that collection of the overpayment can be done only through legal proceedings.</p> |
| | | | <p>During the 11/21/00 meeting with the Coordinating Group, DOF agreed to refer this case to the AGO. On 11/27/00, DOF</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will send out a demand letter requesting the employee to pay back the salary for which no work was performed.

During the 2/12/02 meeting, AGO informed OPA that the amount to be recovered from the employee for which no work was performed was reduced to approximately \$4,900 by garnished bonus payment. OPA asked AGO to provide documentation on the payment. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.

Further Action Needed

AGO should provide OPA documents on the garnished bonus payment and actions taken to pursue collection of the remaining \$4,900 in salary overpayments for which no work was performed.

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

Date(s) of followup letter(s) sent : 11/23/99 (DOF), 1/26/99, 1/5/00 (AGO), 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO), 8/12/02 (DOF) (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 1/20/00 (AGO), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | |
|---|----------------|------------------------|---|
| 1. <i>As Revised:</i> DOF should provide OPA documents showing recovery of the \$56,461.98 in restitution on the federal case. In addition, AGO should take further legal action against the former Secretary for | DOF and AGO | Resolved Delinquent | On 2/22/01, the Federal Court sentenced the former Finance Secretary to 33 months imprisonment and ordered payment of \$56,461.98 in restitution to the court for disbursement to the CNMI Department of Finance. |
|---|----------------|------------------------|---|

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| misappropriation and improper expenditure of public funds. | | | <p data-bbox="946 285 1430 663">In his 3/9/01 response, the Acting Attorney General stated that AGO waited until the federal crime case concluded since one count in the case was covered by AGO's case. The former Secretary was ordered to pay restitution in the federal case, thereby reducing the maximum potential judgment. AGO will make a Motion for Summary Judgment and will still seek a judgment of approximately \$75,000 against the former Secretary of Finance for misappropriation and improper expenditure of public funds.</p> <p data-bbox="943 701 1427 951">During the 2/12/02 meeting, AGO informed OPA that it will file a Motion for Summary Judgment in the civil action filed against the former Secretary of Finance. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.</p> <p data-bbox="940 993 1206 1016"><i>Further Action Needed</i></p> <p data-bbox="937 1056 1424 1274">DOF should provide OPA proof of collection of the \$56,461.98 restitution in the federal case. In addition, AGO should also provide OPA with a copy of the order granting or denying its Motion for Summary Judgment when entered in the civil action filed against the former Secretary of Finance.</p> |

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

Date(s) of followup letter(s) sent : 7/13/00, 1/19/01, 8/21/01, 3/12/02, 8/12/02

Date(s) of response letter(s) received : 12/7/00 (meeting with Coordinating Group on DOF), 10/1/01, 3/27/02 (DOF request for extension), 4/12/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|------------------------|---|
| <p>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.</p> | DOF | Resolved Delinquent | <p>The former Secretary of Finance addressed Recommendations 1 and 2 by stating that a new tax system is currently being developed to give DOF the capability to automate processing of the corporate rebate tax returns. Because the annual returns will be entered and processed through the tax system, the rebate computations and preparation of rebate checks will be part of the automated process. Since the payment data are stored, the system will automatically flag a warning if a rebate check has already been issued to a particular corporation for a specific tax year. This process will ensure the detection of duplicate processing of a return and potential double payment of a tax rebate. The new tax system is expected to be completed by the summer of year 2000. DOF anticipates processing the 1999 tax returns using the new system.</p> <p>In his 4/12/02 response, the current Secretary of Finance stated that DOF will submit documentation of internal control procedures for the processing of corporate rebate taxes. He also stated that there are features in the new tax system that will prevent duplicate payments of taxpayer rebates or refunds.</p> |
| <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.</p> | DOF | Resolved Delinquent | <p>Further Actions Needed</p> <p>Recommendations 1 and 2 - Provide OPA copies of the control procedures established to avoid double payments as agreed during the meeting. Specifications for internal control of the new tax system (once the development phase is completed) should</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|----------------|---------------|--------|--|
| | | | include features that will prevent or easily allow the detection of double payments. The new tax system should be able to handle the processing of the following cases and the control procedures available: (1) an amendment to the original corporate tax return that was successfully processed in the system and a check 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. |

**4. Report No. LT-01-06 issued August 15, 2001
Department of Finance
Audit of Government Revenues from the CNMI Lottery Operations
for the Fourth Quarter of Fiscal Year 1999**

Date(s) of followup letter(s) sent : 3/12/02, 8/12/02
Date(s) of response letter(s) received : 3/27/02 (DOF request for extension), 4/12/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|------------------------|--|
| 2. The Secretary of Finance should instruct Operator B and the DOF Finance and Accounting Division to fully implement the amendments (Rules 24 and 25) relating to control procedures to help ensure that all government lottery revenues received from operators of the Jueteng "number game" are reported. | DOF | Resolved Delinquent | The Secretary of Finance concurred with the recommendation and stated that pursuant to the Lottery Regulations, DOF will initiate a review of Operator B's lottery documents beginning with the first quarter of Fiscal Year 2000. In his 4/12/02 response, the Secretary of Finance informed OPA that he has to assign one of his staff to conduct on-site visits to ensure that the adopted rules and regulations for the operation of the Jueteng game are being followed by Operator B. |
| | | | <i>Further Actions Required</i> Provide OPA copies of documents evidencing that Operator B and DOF |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | implemented the adopted rules and regulations for the operation of the Jueteng game. |

Department of Lands and Natural Resources

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

Date(s) of followup letter(s) sent : 7/6/00, 1/24/01, 8/20/01, 3/4/02, 8/9/02

Date(s) of response letter(s) received : 10/31/00 (meeting with Coordinating Group on DLNR), 9/6/02, 9/13/02 (meeting with DFW Director), 9/16/02 (DFW), 9/25/02 (DFW)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------------------|--|
| 1. The DFW Director should comply with local rules and regulations for the granting of administrative and educational leave. This would result in fairness and equity for all government employees if government offices follow the same guidelines for granting administrative leave. | DLNR | Closed | In his 9/6/02 response, the DLNR Secretary provided OPA with a (1) copy of the DFW Director's memorandum to the DFW Timekeeper reiterating the procedure for recording leave when attending classes, and (2) copy of the approved leave forms for one of the DFW employees. The documents provided were sufficient to consider this recommendation closed. |
| 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. | DLNR | Closed | In his 9/6/02 response, the DLNR Secretary provided minutes of the group meeting evidencing discussion with OPM and the Office of the Governor regarding DFW granting educational leave to two employees not on permanent status. The group agreed to convert the two DFW employees to permanent status and then process the documents for educational leave in accordance with the PSSRR Regulations. OPA was provided copies of the two employees' Notices of Personnel Action evidencing conversion to permanent status. The documents provided were sufficient to consider this recommendation closed. |
| 3. The DFW Director should develop a special educational leave program in accordance with the MOU to be approved by the grantor. Also, the Director must ensure that DFW is in compliance with the provisions of the various grants, in order to assure continued federal support. | DLNR | Resolved Active | On 9/25/02, DFW provided OPA with a copy of the proposed rules and regulations currently being developed with the assistance of the Northern Mariana Islands Scholarship Program that provides guidelines on how the Pacific Island Education Initiative (PIEI) should be administered as far as recruitment and |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | selection process are concerned. |
| | | | <i>Further Action Needed</i> |
| | | | DLNR should provide OPA with a copy of the finalized rules and regulations for the PIEI program along with evidence of concurrence by the grantor agency. |
| 4. DFW should suspend its current arrangement with the two employees, pending resolution of the issues discussed in this report. | DLNR | Closed | In his 9/6/02 response, the DLNR Secretary provided copies of the two employees' Notices of Personnel Action evidencing conversion to permanent status and compliance with the PSSRR Regulations as agreed upon in the Group Meeting between DFW, OPM and the Office of the Governor. The documents provided were sufficient to consider this recommendation closed. |
| 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. | DLNR | Closed | On 9/25/02, DFW provided OPA with a copy of the proposed rules and regulations that provides guidelines on how the PIEI should be administered as far as recruitment and selection process are concerned. Our review of the proposed PIEI rules and regulations shows compliance with our requirements, and therefore this recommendation is considered closed. |

**2. Report No. AR-01-02 issued March 22, 2001
 Department of Lands and Natural Resources
 Audit of Agreement with a Submerged Land Lessee
 to Operate the Outer Cove Marina From May 1993 to October 1998**

Date(s) of followup letter(s) sent : 3/4/02, 8/9/02, 10/3/02 (AGO)

Date(s) of response letter(s) received : 9/6/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------------------------------|------------------------|---|
| <p>1. <i>Original</i> - The Secretary of DLNR and the submerged land lessee should amend or completely change the lease agreement so that there will be a clearer understanding of each party's obligations and responsibilities, taking into account:</p> | <p>DLNR Redirected to AGO</p> | <p>Open Active</p> | <p>In his 1/22/01 response, the DLNR Secretary concurred with OPA's recommendation (1) to amend or substantially revise the lease agreement or, alternatively, (2) to have either the CNMI Government or another entity take over operation of Outer Cove Marina, but stated that DLNR could not pursue either alternative until the Senate Oversight Committee has submitted its report and the currently proposed legislation (House Bill 12-250) is enacted.</p> |
| <p>a. The components that will comprise the actual Outer Cove Marina project cost.</p> | | | <p>In his response dated 9/6/02, the DLNR Secretary informed OPA that the Outer Cove Marina issues are now being handled by the Attorney General's Office.</p> |
| <p>The Outer Cove Marina properties/facilities will be turned over to DLNR and to the National Park Service at the completion of the lease period. It is therefore necessary for the submerged land lessee to provide a detailed cost breakdown of all the properties/facilities comprising the Outer Cove Marina project. The detailed breakdown of project costs will also be very useful in establishing the level of fees and making relevant decisions for settling the Outer Cove Marina controversies.</p> | | | <p><i>Further Action Needed</i></p> |
| <p>In establishing the cost of each completed facility, the submerged land lessee must also show the reasonable allocation of development costs (e.g. architectural and engineering costs, permits, interest and other costs during construction that can be capitalized in accordance with accounting principles and</p> | | | <p>AGO should provide OPA with the status of the ongoing negotiation between the CNMI government and the submerged land lessee.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| auditing standards, etc.). | | | |
| <p>b. The allocation of the Outer Cove Marina project cost between the area covered by the lease agreement and the area covered by the concession contract.</p> | | | |
| <p>How the Outer Cove Marina project properties/facilities will be disposed of depends upon (1) when the lease agreement or the concession contract ends, or (2) if the agreement or contract is terminated at an earlier period. It is therefore necessary that the submerged land lessee also segregate the costs of the Outer Cove Marina project properties/facilities based on the governing agreement/contract.</p> | | | |
| <p>c. The provisions in the lease agreement that may no longer be practical to implement.</p> | | | |
| <p>There are provisions in the lease agreement whose implementation may no longer be practical. For example, the CNMI may never collect any yearly rental where it is to be computed as 75 percent of net earnings. The Outer Cove Marina may never make any profit at all because its construction cost was greater than planned. DLNR should decide whether earning an annual rental is a priority, and if it is, then DLNR needs to introduce a new provision that will impose a guaranteed lease rental.</p> | | | |
| <p><i>An alternative course of action that DLNR and the CNMI Government can take is:</i></p> | | | |
| <p>DLNR and the CNMI Government could pay the submerged land lessee for the fair market value of the Outer Cove Marina project, with DLNR</p> | | | |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>then taking over the marina operations, or could turn to other private developers who might take over the marina operations and pay the submerged land lessee for the project cost.</p> | | | |
| <p>This alternative will require the joint effort of the Executive Branch and the Legislature. Funds needed to pay the submerged land lessee must be identified and appropriated. It will also require an analysis as to what part of the Outer Cove Marina project cost will be assumed by the Government. There are some parts of the Outer Cove Marina operations that could either be retained by the submerged land lessee or taken over by other concessionaires or contractors.</p> | | | |
| <p><i>As Redirected to AGO</i> - AGO should provide OPA with the status of the on-going negotiation between the CNMI government and the submerged land lessee.</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), 1/17/01 (AGO), 1/19/01 (DOF), 8/21/01 (AGO) (DOF), 2/14/02 (AGO), 3/12/02 (DOF), 8/12/02 (DOF) (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 6/16/97 (RMO), 2/24/98 (RMO), 7/19/00 (RMO), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 9/18/01 (DOF), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|-------------------------|---------------------|---|
| <p>1. <i>Original:</i> The Secretary of Finance should require the current Director of RHC to return the amount of \$4,282.02 taken from RHC funds.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover from the current Director of RHC the \$4,282.02 taken from RHC funds.</p> | DOF - Redirected to AGO | Resolved Delinquent | <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 for \$4,982.02 sent to the current Director of RHC which consists of \$4,282.02 taken from RHC funds and \$700 reimbursement for the cost of the washing machine. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.</p> <p>During a meeting on 2/12/02, AGO informed OPA that the Statute of Limitations has passed regarding this recommendation. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter documenting the applicability of the to formally close this recommendation.</p> <p><i>Further Action Needed</i></p> <p>The AGO should provide OPA a letter documenting that the Statute of Limitations has passed on this recommendation. OPA's receipt of this letter would be sufficient to close the recommendation.</p> |
| 2. The Secretary of Finance should deny | DOF | Resolved | The former Secretary of Finance provided |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|-------------------------------|------------------------|---|
| <p>the \$5,000 claim for repairs, and the \$4,000 amount claimed for a non-existent lease extension.</p> | | Delinquent | <p>OPA a copy of its 9/18/01 letter to the Acting Resident Director of DOF-Rota requesting assistance in verifying whether or not the \$5,000 claim for repairs and the \$4,000 claim for a non-existent lease extension were paid through the Rota Imprest Fund Account.</p> <p>In his 4/12/02 response, the current Secretary of Finance informed OPA that his office has not received a response to its 9/18/01 letter to the Acting Resident Director of DOF-Rota. However, DOF has sent a follow-up letter to the Mayor requesting assistance on the matter.</p> <p>Further Action Needed</p> <p>DOF should inform OPA as to the results of the verification requested from DOF-Rota. If the claims were in fact paid through the Rota Imprest Fund Account, DOF should take steps to reject the claims and recover the money by directing the Acting Resident Director to take the appropriate action.</p> |
| <p>4. <i>Original:</i> The Secretary of Finance should deny the claim of the Director of RHC for reimbursement of the cost of the washing machine.</p> | DOF - Redirected to AGO | Resolved Delinquent | <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 for \$4,982.02 sent to the current Director of RHC which consists of \$4,282.02 taken from RHC funds and \$700 reimbursement for the cost of the washing machine. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.</p> <p>During a meeting on 2/12/02, AGO informed OPA that the Statute of Limitations has passed on this recommendation. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter documenting the applicability of the to formally close this recommendation.</p> |
| <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover the \$700 reimbursement for the cost of the washing machine.</p> | | | |

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

The AGO should provide OPA a letter documenting that the Statute of Limitations has passed on this recommendation. OPA's receipt of the letter would be sufficient to close the recommendation.

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

Date(s) of followup letter(s) sent : 7/09/97, 2/09/98, 9/10/98, 9/10/98 (DPH), 9/17/98 (DOF), 10/23/98 (DDC), 11/23/99 (DPH) (DOF), 7/6/00 (DPH), 7/13/00 (DOF), 1/17/01 (AGO), 1/30/01 (GOV), 8/21/01 (AGO), 8/22/01 (GOV), 2/14/02 (AGO), 3/12/02 (DOF), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 1/13/98, 2/24/98 (DPH), 9/9/98 (DOF), 9/14/98 (DDC), 12/16/99 (DDC), 11/14/00 (meeting with Coordinating Group on DPH), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>3. <i>As Revised and Redirected to DOF:</i> The Secretary of Finance should deduct any unpaid balance of the \$1,088 charges for personal calls and \$1,086 advance from the final payroll check or any other funds due to the former Executive Director. Also, the Secretary of Finance should instruct the Travel Section to strictly comply with DOF Manual of Procedures and Policies relating to travel and transportation, particularly as to enforcing immediate return of travel advances if travel is canceled.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover from the former Executive Director the unpaid balance of \$1,200 in charges for personal calls and advances.</p> | <p>DOF - Redirected to AGO</p> | <p>Resolved Delinquent</p> | <p>Both the charges for personal calls and the advances have unpaid balances of \$600 each for a total of \$1,200 to be collected from the former Executive Director.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill collection dated 11/17/00 for \$1,964.40 sent to the former Executive Director which consists of \$1,200 in unpaid balance of charges for personal calls and advances and \$764.40 in retroactive salary increase. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will prepare and send out a demand letter for the amount in the audit. If no response is received, a civil</p> |
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| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>7. <i>Original</i> - The Secretary of Public Health should take action to recover the retroactive salary increase of \$3,600 improperly paid from local funds to the former DDC Executive Director.</p> <p><i>As Revised and Redirected to AGO:</i> Determine what legal action is appropriate to recover the remaining balance of \$764.40 in retroactive salary increase owed by the former Executive Director.</p> | <p>DOF - Redirected to AGO</p> | <p>Resolved Delinquent</p> | <p>action will be filed.</p> <p>During a meeting on 2/12/02, AGO informed OPA that although demand letters were sent out in early 2000, the Statute of Limitations has passed on most items included in this report. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter to document the applicability of the to this recommendation.</p> <p><i>Further Action Needed</i></p> <p>The AGO should provide OPA a letter to document if the Statute of Limitations has passed on this recommendation. OPA's receipt of this letter would be sufficient to close the recommendation.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill dated 11/17/00 for \$1,964.40 sent to the former Executive Director which consists of \$1,200 in unpaid balance of charges for personal calls and advances and the remaining balance of \$764.40 in retroactive salary increase. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will prepare and send out a demand letter for the amount stated in the audit. If no response is received, a civil action will be filed.</p> <p>During a meeting on 2/12/02, AGO informed OPA that although demand letters were sent out in early 2000, the Statute of Limitations has passed on most items included in this report. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter to document the applicability of the to this recommendation.</p> <p><i>Further Action Needed</i></p> <p>The AGO should provide OPA a letter to document if the Statute of Limitations has</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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passed on this recommendation. OPA's receipt of this letter would be sufficient to close the recommendation.

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

Date(s) of followup letter(s) sent : 11/23/99 (DPH), 11/26/99 (OPM), 2/28/00 (OPM), 7/6/00 (DPH) (OPM), 1/30/01, 8/22/01, 3/8/02 (DPH), 8/9/02 (DPH)

Date(s) of response letter(s) received : 12/20/99 (OPM), 12/22/99 (DPH), 11/14/00 (meeting with Coordinating Group on DPH), 10/22/01 (DPH)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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3. The Secretary of Public Health should ensure that DPH employees are compensated equitably. The salaries of the three social worker employees should be adjusted to reflect the appropriate salaries based on their qualifications and responsibilities.

DPH

Resolved
Delinquent

During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary presented an alternative action to address this recommendation which is to revise the salary structure of DPH to address the salary inequity and DPH's concerns about attracting upcoming college graduates to work for the department. DPH will present a proposed salary structure for review by OPM and for approval by CSC. OPA agreed to this alternative action suggested by the DPH Secretary.

As Revised: The Secretary of Public Health should review the salary structure of DPH and propose a revised salary structure for review by OPM and for approval by the Civil Service Commission (CSC).

In his 10/22/01 response, the DPH Secretary informed OPA that the Director of the Community and Guidance Center has completed the proposed salary structure of social workers and submitted it to the CHC Human Resources for review. DPH will submit the proposed salary structure to CSC no later than 10/31/01. When approved by CSC, DPH will provide OPA a copy.

Further Action Needed

The Secretary of Public Health should provide OPA a copy of the revised salary structure of DPH after its approval by CSC.

Department of Public Safety

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

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

Date(s) of response letter(s) received : 2/14/95, 2/23/95, 7/28/95, 10/2/95, 10/12/95, 10/27/95, 12/11/96, 1/7/97, 8/22/00, 9/26/00 (meeting with Coordinating Group on DPS), 2/7/01, 9/10/01 (meeting with DPS), 12/6/01, 3/7/02 (meeting with DPS Commissioner), 8/28/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|--------------------|--|
| 12. The Commissioner of DPS should require the CJIS programmer to modify the database program for driver's licenses to allow the accumulation of historical data. | DPS | Resolved Active | During the 9/10/01 meeting with a DPS official, OPA was informed that DPS, including BMV, is in the process of implementing an automated system which is part of the Criminal Justice Information System (CJIS). For driver's licensing, DPS is awaiting shipment of a Polaroid System. |
| 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 Electronic and Data Processing programmers at the Department of Finance. | DPS | Resolved Active | <p>In a 12/6/01 response from DPS, the Commissioner of Public Safety stated that the completion date for the automated system is 6/30/02.</p> <p>In his letter response dated 8/28/02, the DPS Commissioner stated that implementation of recommendation nos. 12, 13, and 17 did not meet the target date of 6/30/02 due to an unexpected delay in the arrival of the necessary hardware and software. However, the system is currently in place and is anticipated to be up and running in two months time.</p> <p style="text-align: center;"><i>Further Action Needed</i></p> |
| 17. The Commissioner of DPS should instruct the CJIS programmer to include a feature in the computer program to check the numerical sequence of license plates entered into the computer. | DPS | Resolved Active | For Recommendation nos. 12, 13, and 17 - The DPS Commissioner should provide OPA a status report on the implementation of the recommendations until the system is fully operational in two months, the implementation date provided by DPS. |

**2. Report No. LT-01-08 issued November 30, 2001
 Audit of the Department of Public Safety's
 Confidential Informant Fund and Prostitution Fund
 for Fiscal Year Ended September 30, 1999**

Date(s) of followup letter(s) sent : 3/5/02, 8/9/02

Date(s) of response letter(s) received : 3/7/02 (meeting with DPS Commissioner), 8/28/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 2. The DPS Commissioner should enforce compliance with the 48-hour limit for liquidation of cash advances by reporting violations to DPS management. | DPS | Open Active | In his response dated 8/28/02, the DPS Commissioner stated that they are still working on implementing recommendation nos. 2, 3 and 4 and will inform OPA once they satisfy all the necessary requirements. <i>Further Action Needed</i> |
| 3. The DPS Commissioner should collect the \$400 CFA from the former custodian unless the disbursement can be adequately supported. | DPS | Open Active | Recommendation 2 - Provide OPA copy of actions taken to enforce compliance with the 48-hour limit for liquidation of cash advances. Recommendation 3 - Provide OPA proof of collection of the \$400 from the former custodian or supporting documents for the disbursement. |
| 4. The DPS Commissioner should transfer responsibility of the Prostitution Fund's bank account to DOF. Also, return the \$557.59 previously in the Special Operations Task Force account to the General Fund. | DPS | Open Active | Recommendation 4 - Provide OPA documents showing establishment of the Prostitution Fund's bank account through DOF and receipt evidencing return of the \$557.59 to the General Fund. |

Department of Public Works

**I. 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), 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 5/10/00 (DPW), 11/7/00 (meeting with Coordinating Group on AGO), 12/7/00 (meeting with Coordinating Group on DOF), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>4. <i>Original:</i> DOF should take adverse action against the contractor for misrepresenting to the government that it had performed all the work required under its contract, and for receiving payment for work which it failed to do, including the debarment of the contractor from participating in future government solicitations.</p> <p><i>As Redirected to AGO:</i> AGO should take adverse action against the contractor for misrepresenting to the government that it had performed all the work required under its contract, and for receiving payment for work which it failed to do, including the debarment of the contractor from participating in future government solicitations.</p> | <p>DOF - Redirected to AGO</p> | <p>Resolved Delinquent</p> | <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>During the 12/7/00 meeting with the Coordinating Group, it was agreed that this recommendation should be redirected to the AGO. The AGO did not address this recommendation in its 3/9/01 response.</p> <p>In the 2/12/02 meeting with AGO, OPA included this recommendation in the list of its requests for legal opinion from AGO. In a follow-up letter dated 2/14/02, OPA reiterated its request for AGO to provide a legal opinion on whether debarment of the contractor from future government contracting is the appropriate action in this matter.</p> <p><i>Further Action Needed</i></p> <p>AGO should provide OPA a copy of its opinion on the matter. If the AGO determines that the contractor should be debarred, the AGO should provide OPA a copy of the notice of the contractor's debarment.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|--|--------------------------------|--|
| <p>5. <i>Original:</i> DOF should continue to take necessary steps to recover the \$164,534 improper payments made to the contractor, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole contract price of \$229,438 on the basis that the contract was invalid may be undertaken in lieu of the approach taken above where recovery would be based on the overpayments made to the contractor.</p> <p><i>As Redirected to AGO:</i> AGO should continue to take necessary steps to recover the \$164,534 improper payments made to the contractor, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole contract price of \$229,438 on the basis that the contract was invalid may be undertaken in lieu of the approach taken above where recovery would be based on the overpayments made to the contractor.</p> | <p>DOF - Redirected to AGO</p> | <p>Resolved Delinquent</p> | <p>The DOF Secretary requested AGO's assistance in getting information on the Federal Court case involving the contract. The DOF Secretary stated that her office will proceed with the recommendation after the Federal Court's decision.</p> <p>During the 12/7/00 meeting with the Coordinating Group, it was agreed that this recommendation should be redirected to the AGO. In its 3/9/01 response, the Acting Attorney General stated that no further action will be taken on this matter. Contact has been made with the United States Probation Department requesting that restitution from the contractor be ordered at sentencing.</p> <p>During the 2/12/02 meeting, AGO informed OPA that it had already requested the United States Probation Department to recommend that restitution be required from the contractor and that it is awaiting sentencing decision.</p> <p>On 4/2/02, the United States (US) District Court's sentence imposed on the contractor was 8 months imprisonment and restitution of \$100,000.</p> <p><i>Further Action Needed</i></p> <p>AGO should inform OPA if full restitution has been made by the contractor.</p> |

Municipalities

Offices of the Mayors

Municipality of Saipan

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

Date(s) of followup letter(s) sent : 11/29/99, 7/6/00, 1/22/01, 8/22/01, 3/4/02, 8/9/02

Date(s) of response letter(s) received : 3/7/02 (meeting with Saipan Mayor), 3/20/02, 8/22/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 4. Comply with the CNMI Personnel Policies and the Fair Labor Standards Act (FLSA) by disallowing the accumulation and use of compensatory time by executive, professional, and administrative employees. | SMO | Closed | In his 8/22/02 response, the Mayor of Saipan provided OPA with a copy of their adopted policy and procedures for Compensatory Time for FLSA Exempt Employees. The adopted policy and procedures are sufficient to consider the recommendation closed. |

2. Report No. LT-01-03 issued August 1, 2001
Office of the Mayor
Audit of Cash Receipts and Disbursements
of the 1999 Liberation Day Committee
from April 1 to October 31, 1999

Date(s) of followup letter(s) sent : 3/4/02, 8/9/02

Date(s) of response letter(s) received : 3/7/02 (meeting with Saipan Mayor), 3/20/02, 8/22/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 3. Develop and implement written policies and procedures to guide future Liberation Day Committee (LDC) appointees. At a minimum, the policies and procedures should address record keeping, maintenance of cash receipts and disbursement records, competitive procurement, adequate documentation and | SMO | Closed | In his 8/22/02 response, the Mayor of Saipan provided OPA with a copy of their adopted Liberation Day Committee Policy and Procedures. The adopted policy and procedures are sufficient to consider the recommendation closed. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| justification of expenditures, establishment of control procedures and accountability. | | | |

Municipality of Rota

I. 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 (Legislature), 1/26/99, 1/5/00 (AGO), 7/6/00 (Legislature), 1/23/01 (Legislature), 8/22/01 (Legislature), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 3/25/99 (RMO), 6/14/99 (OPM), 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|--|----------------------------|---|
| <p>4. <i>Original:</i> The CNMI Legislature should enact legislation to clarify the issues relating to "Full Time Employment vacancies" and "transfers." More specifically, the Legislature should:</p> | <p>Legislature - Redirected to AGO</p> | <p>Open Delinquent</p> | <p>This recommendation was for consideration by the Legislature. However, OPA determined that before it can be considered by the Legislature, a legal opinion should be sought to clarify the issues relating to "Full Time Employment vacancies" and "transfers."</p> |
| <p>a. define a Full Time Employment (FTE) vacancy.</p> <p>OPA questions the applicability of 1 CMC §8135 for use in defining the term "vacancy" because the provision was enacted by an appropriation act which was a temporary law. It would be helpful for the Legislature to define the term "vacancy" and affirm it as a permanent part of CNMI law, thereby giving the definition a firm legal basis.</p> | | | <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring AGO's legal opinion.</p> <p><i>Further Action Needed</i></p> <p>AGO should provide OPA its legal opinion on the matter.</p> |
| <p>b. clarify legislative intent with respect to the transfer of FTEs from RMO to PSS.</p> <p>Because the Sinapalo Elementary School is still under construction, the Legislature should state whether RMO may retain or must forfeit vacated FTEs, and at the same time provide by law the authorized number of FTEs for RMO. Having a specified number</p> | | | |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>of FTEs would enable government agencies to more readily comply with laws and regulations, especially when vacancies and transfers are subject to a certain event occurring, such as the opening of a school.</p> | | | |
| <p><i>As Redirected:</i> The AGO should provide its legal opinion to clarify the issues relating to "Full Time Employment vacancies" and "transfers."</p> | | | |

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

Date(s) of follow-up letter(s) sent : 3/28/96, 11/25/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00, 1/19/01, 8/21/01, 3/12/02, 8/12/02

Date(s) of response letter(s) received : 6/11/97, 9/27/00, 9/22/99, 11/21/00 (meeting with Coordinating Group on DOF), 3/27/02 (DOF request for extension), 4/12/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|------------------------|--|
| <p>7. The Secretary of Finance should direct the head of the Tinian Procurement Office to maintain an updated record of capital assets. On a regular basis, the Tinian Procurement Office should conduct an inventory to establish the physical existence, condition and location of fixed assets. It should also compare its record of assets with the inventory and take appropriate action with respect to any differences. Any missing item should be properly accounted for by the concerned agency.</p> | DOF | Resolved Delinquent | <p>During the 11/21/00 meeting with the Coordinating Group, the Procurement and Supply (P&S) Director agreed to issue a memorandum to the Tinian Procurement Office and even to the Rota Procurement Office directing them to conduct their own annual inventory. In the 10/1/01 response from DOF, there was no indication of any action taken on this recommendation.</p> <p>On 4/12/02, the current Secretary of Finance responded that his office has requested copies of the inventory results from Rota and Tinian for DOF to provide to OPA.</p> <p><i>Further Action Needed</i></p> <p>The P&S Director should provide OPA a copy of the memorandum directing the Tinian Procurement Office to establish a schedule for conducting inventories of government capital assets on Tinian and a copy of the inventory results and actions taken.</p> |

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CNMI-Wide Audits

Single Audits
Compliance with Laws and Regulations

CNMI-Wide Audits

**I. CNMI Single Audit
Independent Auditor's Report on Internal Control Structure and on Compliance
Year Ended September 30, 2000**

Date(s) of followup letter(s) sent : 3/5/02 (DPW), 3/8/02 (DPH), 3/12/02 (DOF), 8/9/02 (DPH) (DPW), 8/12/02 (MPLA) (DOF), 9/30/02 (Independent Auditor re: MPLA/DPW Response)

Date(s) of response letter(s) received : 3/27/02 (DOF request for extension), 8/30/02 (DPW verbal request for extension), 9/17/02 (DPW), 9/24/02 (MPLA)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <i>External Financial Reporting</i> | | | |
| 1. The CNMI should conform to GASB Statement No. 14 by obtaining audited financial statements of the Commonwealth Government Employees Credit Union (CGECU), the Commonwealth Utilities Corporation (CUC), the Northern Marianas College (NMC), and the Public School System (PSS) for inclusion within the general purpose financial statements. | DOF | Closed | OPA is continuously working with the autonomous agencies noted to bring their annual audits current. |
| <i>Cash and Cash Equivalents</i> | | | |
| 2. DOF should reconcile all bank accounts to the general ledger on a monthly basis, and the resulting adjustments should be recorded in a timely manner. | DOF - Finance and Accounting Division | Resolved Delinquent (Outstanding since FY 1986 Single Audit) | DOF responded that it has encountered problems in transferring check clearing information from the computer tape received from the bank to the automated Financial Management System (FMS). DOF is now working on the problem. It performed an analysis of the bank accounts, and the book/bank difference is the result of a large number of checks issued in late September 2000 that had not cleared the bank. |
| <i>Receivables</i> | | | |
| 3. DOF should review all outstanding receivables from federal agencies | DOF - Finance and | Resolved Delinquent | DOF will review grant receivable balances and adjust balances that are not valid. The |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>for propriety and collectibility. All valid receivables should be submitted to the various federal grantor agencies for collection of the amounts owed to the CNMI. All other balances should be written off to the General Fund.</p> | <p>Accounting Division</p> | <p>(Outstanding since FY 1997 Single Audit)</p> | <p>federal grant receivable balance was reduced by \$3.5 million from the previous year end. DOF did an analysis which indicated that the old grant receivables are mainly the result of the grant receipts not being posted to the proper grant year, resulting in one year's grant receivable being overstated and the next year understated. DOF feels that total net adjustment to receivables will be minimal.</p> |
| <p>4. 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.</p> | <p>DPH - CHC</p> | <p>Resolved Delinquent (Outstanding since FY 1995 Single Audit)</p> | <p>DPH agreed with the findings. DPH identified the cause of the problem as a combination of inefficiency of the present computer billing system, inadequate FTEs in the Billing and Collection office, and non-payment of bills by the Government Health Insurance program. A new computer system is in the process of being installed. Once hardware upgrade is complete, CHC will proceed with software upgrades for accounts receivable, third party billing, laboratory and pharmacy bills.</p> |
| <p>5. The Office of Public Lands (OPL) should review receivable balances and forward overdue accounts to the Attorney General's office for collection. Monthly billings should be prepared on a regular basis to ensure recognition of revenue and receivables on a timely basis.</p> | <p>OPL (currently Marianas Public Lands Authority)</p> | <p>Resolved Active (Outstanding since FY 1998 Single Audit)</p> | <p>In her response dated 9/24/02, the MPLA Commissioner provided OPA with the status of the accounts receivable as of August 31, 2002. According to the MPLA Commissioner, statements of accounts are sent on a monthly basis. First and final notices are sent to delinquent accounts. For those who do not respond, the accounts are forwarded to the legal counsel. Legal proceedings are a last resort if all attempts to collect fail. MPLA normally considers hardships that lessees/permittees may have in meeting their rental payments due to the economic crisis, and therefore MPLA makes it easier for lessees/permittees to survive by working out a payment plan whereby they are required to sign promissory notes.</p> |

Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <i>Inventory</i> | | | |
| 6. 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) | DPH will furnish DOF with a copy of the FY2001 actual inventory along with a covering memo requesting DOF to book the ending balances. |
| <i>Advances</i> | | | |
| 7. DOF should review all advances outstanding for more than one year, evaluate their collectibility, and write off any amounts deemed uncollectible. Policies and procedures requiring the timely liquidation of all travel advances should be implemented and enforced. | DOF - Finance and Accounting Division | Resolved Delinquent (Outstanding since FY 1987 Single Audit) | DOF completed the automation of its sub-ledgers by travelers for travel advance accounts. Outstanding advances were reduced by \$500,000 in FY1999 and another \$200,000 in FY2000. Preliminary FY2001 results show a further drop of \$600,000 in outstanding travel balances. Approximately 50% of the total balance outstanding is reserved against fund balance. DOF estimates that the recommendations is 80% implemented. |
| <i>Property and Equipment</i> | | | |
| 8. 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 1987 Single Audit) | The General Fixed Assets Account Group was adjusted during FY2000 to remove the FY1991 completed construction projects. Inventories of each department are to be completed and results entered into the Fixed Asset module during FY2002. |
| <i>Other Liabilities and Accruals</i> | | | |
| 9. DOF should establish policies and procedures to ensure adequate recording of liabilities for goods received by the CNMI's Division of Procurement and Supply. | DOF - P&S | Resolved Delinquent (Outstanding since FY 1999 Single Audit) | DOF is reviewing FMS procurement receiving procedures to determine if modifications need to be made to handle receipt of prepaid items. It appears that the debit advance amount may not always be closed for prepaid items, leaving an offsetting credit open in the received not vouchered account. DOF is reviewing and adjusting balances where needed. Reconciliation procedures will be developed to reconcile received not vouchered balances on a monthly basis. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <i>Fund Balance</i> | | | |
| 10. DOF should monitor and document all ongoing construction projects and a report should be prepared for the Secretary of Finance on a quarterly basis. | DOF | Resolved Delinquent (Outstanding since FY 1997 Single Audit) | The FY1997 conversion of remaining appropriation balances for local CIP was incorrectly done. DOF completed researching the correct remaining balances, and has included these balances in the quarterly reporting for FY2000. |
| <i>CNMI Local Noncompliance</i> | | | |
| 11. DOF should ensure that sufficient documentation is obtained and periodically updated to demonstrate full compliance with the requirements of public laws. | DOF - Treasury | Resolved Delinquent (Outstanding since FY 1996 Single Audit) | Treasury will update its agreements with the four banks. These banks are not major depository banks of the Commonwealth. Collateralization listings will be reviewed for sufficiency. |
| 12. OPL should comply with Public Law 11-64 and remit landing fees collected to the Secretary of Finance for deposit to the special sub-account. | OPL (currently Marianas Public Land Authority) | Open Active | In her response dated 9/24/02, the MPLA Commissioner stated that Public Law 13-16 appropriated MVA \$2.6 million of the landing and user fees generated since the enactment of Public Law 11-64, to be used for the CNMI Tourism Strategic Plan. MPLA remitted said sum to MVA on 9/9/02. The appropriation act also mandates MPLA to transfer into the Managaha Island Landing and User Fee trust account \$650,704 for necessary public improvements on Managaha. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 13. DOF should only authorize expenditures within budget allotments. Furthermore, the CNMI Legislature's budget should reflect all expenditures to be incurred in the fiscal year that can be reasonably determined. | DOF | Open Delinquent | DOF stated that reprogramming action by the Governor could be taken to cover the overexpenditure based on P.L. 11-41 appropriations. However, this would result in more departments showing over-expenditure of allotment levels but under the appropriation level. The problem of underappropriation for utilities is more apparent when no reprogramming is done for utilities. |
| <i>Davis-Bacon Act</i> | | | |
| 14. The CNMI should ensure that | DPW - TSD | Resolved | In his response dated 9/17/02, the Secretary |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>construction projects financed by federal funds are supported by contractor payroll records indicating compliance with the CNMI minimum wage rate. [US Department of Interior/Sports Fish Restoration/CFDA #15.605/ US Department of Transportation/Highway Planning and Construction/CFDA #20.205]</p> | | <p>Active (Outstanding since FY 1997 Single Audit)</p> | <p>of Public Works stated that legislative action is required for the adoption of the Wage Rate Recommendation Study that was done for the CNMI by the Governor's Wage Review Board. To date, no legislation has been introduced in order to implement such a study. However, DPW has consulted with its respective federal grantor agencies and the various local government grantee agencies on the Davis-Bacon Act and Davis-Bacon Related Acts issue. OPA was provided a copy of correspondence with the federal grantor agencies. Based on the documents provided, DPW believes that the issue on Davis-Bacon must be put to rest.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| <p>15. The CNMI 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 above criteria. [Davis Bacon Act/Sports Fish Recreation/CFDA #20.205/CFDA #15.605]</p> | DPW - TSD | <p>Resolved Active (Outstanding since FY 1990 Single Audit)</p> | <p>In his response dated 9/17/02, the Secretary of Public Works stated that legislative action is required for the adoption of the Wage Rate Recommendation Study that was done for the CNMI by the Governor's Wage Review Board. To date, no legislation has been introduced in order to implement such a study. However, DPW has consulted with its respective federal grantor agencies and the various local government grantee agencies on the Davis-Bacon Act and Davis-Bacon Related Acts issue. OPA was provided a copy of correspondence with the federal grantor agencies. Based on the documents provided, DPW believes that the issue on Davis-Bacon must be put to rest.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| Equipment and Real Property Management | | | |
| <p>16. The CNMI should perform an inventory of its fixed assets and ensure that it is in compliance with</p> | DOF - P&S | <p>Resolved Delinquent (Outstanding since FY 1987)</p> | <p>The General Fixed Assets Account Group was adjusted during FY2000 to remove the FY1991 completed construction projects.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| applicable federal property rules and regulations. [All Federal Programs] | | Single Audit) | Inventories of each department are to be completed and results entered into the Fixed Asset module during FY2002. |
| <i>Procurement, Suspension and Debarment</i> | | | |
| 17. The CNMI should ensure that contracts funded by federal grants specify compliance with all applicable federal laws. [Sports Fish Restoration/CFDA #15.605] | DPW | Open Active | In his response dated 9/17/02, the Secretary of Public Works stated that "General Conditions" are included in the specifications and made a part of the contract documents. DPW incorporates all applicable federal laws in the specifications by reference. DPW was able to locate and add to the files those project files cited for having missing provisions and not being in compliance. DPW has assigned two of its support staff to organize a central filing system in order to improve its operation. In addition, DPW has met and has reached an understanding with the Director of Fish & Wildlife to share information with respect to grant requirements and specific federal agency regulations for the Division before proceeding with the solicitation of bids for construction. Thus, DPW is requesting that this recommendation be closed. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| <i>Reporting</i> | | | |
| 18. The CNMI-DOF should implement procedures to ensure that all required federal financial reports are filed in a timely manner. [Technical Assistance Grants and DOI and Covenant Capital Projects/CFDA #15.875] | DOF | Open Delinquent | Late submission of reports occurred because narrative program reports were not received on time from the project managers. Verbal extensions were received over the phone from the Department of Interior (DOI). |
| 19. The CIP Status Reports should be reviewed on a regular basis to ensure that updated information is reflected before submission to the grantor. [DOI and Covenant Capital Projects/CFDA #15.875] | DOF | Open Delinquent | Differences occurred due to entries not correctly dated in the FMS or misposting of expenditures to the wrong account. Correcting entries will be made where needed. In most cases, the differences correct themselves on a cumulative basis. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 20. The CNMI-DOF should implement procedures to ensure that all federal financial reports are filed in a timely manner. [Sports Fish Restoration/CFDA #15.605] | DOF - Finance and Accounting Division | Open Delinquent | Late submission of reports occurred because narrative program reports were not received on time from the project managers. Verbal extensions were received over the phone from the Federal agencies. |

Special Tests and Provisions

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| 21. Medicaid should scrutinize its written agreements with service providers. If errors are subsequently discovered, efforts should be made to amend or rectify them. [Medicaid Assistance Program/CFDA #93.778] | Medicaid | Closed | Medicaid will review the forms more carefully. Medicaid provided a copy of the letter informing the provider that its agreement has been approved and the dates and time period are correct. |
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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 (AGO), 1/5/00 (AGO), 7/11/00 (OMB), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 1/23/01 (OMB), 8/21/01 (DOF), 8/22/01 (OMB), 3/8/02 (OMB), 3/12/02 (DOF), 8/9/02 (OMB), 8/12/02 (DOF)

Date(s) of response letter(s) received : 2/6/98 (OMB), 1/20/00 (AGO), 11/9/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 3/9/01 (AGO), 9/13/01 (meeting with OMB), 9/20/01 (OMB), 5/01 (DOF), 10/01/01 (DOF), 10/19/01 (OMB), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 2. The Contracting Officers should initiate termination of the contracts of contractors which were identified as having been paid without performing their work. Inform the P&S Director who should carry out the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, and therefore Recommendation 2 is not applicable to them). | DOF - Treasury for Contract C40113 C50108 | Resolved Delinquent | On 1/14/00, AGO and the Director of Procurement and Supply met with the contractor which resulted in the contractor agreeing to repay the Commonwealth \$96,100. The contractor signed a promissory note with the AGO for monthly payments of \$300 to the CNMI Treasury beginning 2/15/00. During the 2/12/02 meeting, AGO informed OPA that the contractor in this |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <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 AGO for legal action.</p> | <p>Office of Mgt. & Budget for Contract C40276</p> | <p>Resolved Delinquent</p> | <p>matter remains in compliance with the settlement promissory note and therefore AGO just needs to continue to monitor compliance.</p> <p>Upon verification from DOF-Treasury, total payments made on the promissory note amounted to \$4,200, leaving a balance of \$91,900 still to be recovered.</p> <p>Further Action Needed</p> <p><i>For Contract Nos. C40113 and C50108 -</i> Until full amount has been paid, DOF-Treasury should continuously provide OPA evidence (i.e., official receipts) of collections from the contractors which pay directly to the CNMI Treasury. No further action is needed from AGO at this time.</p> |
| | | | <p>OMB and OPA agreed that the correct amount of overpayment on Contract C40276 is \$10,000. In a meeting on 9/13/01, OMB presented OPA with a payment schedule for the \$10,000 beginning 7/15/98 and ending 7/15/99. On 9/20/01, OMB wrote the contractor and stated that OMB has received notice that the contractor made two payments amounting to \$1,000 on the overpayment and requested the contractor to comply with the payment schedule. On 10/19/01, OMB informed OPA that the contractor notified OMB that total payments made amounted to \$8,000. OMB provided copies of the payment receipts. However, OMB will verify with Treasury if the receipts provided were made for Contract C40276. There was no discussion made pertaining to OPA's recommendation on providing (1) documentation evidencing completion of phase one by the contractor (i.e., Customs Manual), (2) copy of completely processed change order no. 2, and (3) documents explaining the reasonableness of the extension granted and billing statements supporting the \$24,000 charges upon completion of the scope of work.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 8. The Secretary of Finance should issue a memorandum instructing the DOF - Accounting Section to recover or offset from future payments the \$15,079 in overpayments to contractors. | DOF | Resolved Delinquent | <p><i>Further Action Needed</i></p> <p>To close the recommendations, OMB should (1) notify OPA of the results of its verification on the \$8,000 payments and if the balance of \$2,000 has been collected, provide OPA copies of (2) documentation evidencing completion of phase one by the contractor (i.e., Customs manual), (3) copy of completely processed change order no. 2, 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>In the 10/01/01 response from DOF, the Secretary of Finance stated that \$7,559 (for Contract no. C50083) of the \$15,079 in total overpayment has already been settled and that supporting documents regarding the settlement were provided to OPA. For the others in question which include \$1,020 (for Contract no. C50132) and \$6,500 (for Contract no. C50208), DOF requested that AGO initiate a recovery action, given the length of time involved and the improbability of a reply from both contractors.</p> <p>In his 4/12/02 response, the Secretary of Finance provided OPA a copy of a memorandum requesting the Acting Director of Finance and Accounting to review the records pertaining to the payments in question and to issue a demand for payment immediately.</p> <p><i>Further Action Needed</i></p> <p>The Secretary of Finance should provide OPA with the documents evidencing settlement of the \$7,559 (for Contract no. C50083). In addition, DOF should provide OPA documents such as bills of collection to recover the overpayment of \$1,020 (for Contract no. C50132) and \$6,500 (for Contract no. C50208). The bills of collection can be used for referring the matter to the AGO.</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), 1/5/00 (AGO), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 8/21/01 (DOF) (AGO), 2/14/02 (AGO), 3/12/02 (DOF), 8/12/02 (DOF) (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 1/12/00 (GOV), 1/20/2000 (AGO), 2/18/00 (DOF), 11/7/00 (meeting with Coordinating Group on AGO), 11/9/00 (DOF), 11/19/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 1/4/01 (DOF), 3/9/01 (AGO), 5/01 (DOF), 10/01/01 (DOF), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 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 | The Governor concurred with the recommendation and provided OPA a copy of his memorandum issued on 8/17/99 to the Acting Attorney General requesting her to review the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed. |

The Counsel to the Tinian Mayor concurred with the recommendation, and provided OPA a copy of a memorandum issued on 7/16/99 to the Acting Attorney General requesting legal action for Contract No. C70220 to recover the money paid to the contractor. In addition, the Counsel to the Tinian Mayor provided OPA an outline of the contract monitoring process which TMO has established as a stopgap measure while awaiting the interim or final revised procurement regulations.

Based on the 11/7/00 meeting with AGO and the 3/9/01 status of referrals from AGO, the contract status is as follows:

C70220 - A demand letter was sent in June 2000 asking the vendor to comply with the dispute process of the CNMI Procurement Regulations Section 5-201. There was no response received as to the dispute resolution, and AGO will file a court case on

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <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</p> | <p>DOF for Contracts C60196 C70156 C50388 and C60355</p> | <p>Resolved Delinquent</p> | <p>the matter. Potential recovery amounted to \$45,000 representing payment made to the contractor who failed to perform its work.</p> <p><i>C70180 and C70301</i> - AGO wrote to the contractor requesting documentation of work done under the contract. AGO is researching jurisdictional issues to determine whether or not an action can be filed locally or whether it should be filed in Arizona. Potential recovery amounted to \$208,400 representing payment made to the contractor who failed to perform its work.</p> <p><i>C70149</i> - AGO would have to file in the contractor's jurisdiction, and it was therefore agreed to close this matter.</p> <p><i>305559</i> - AGO considers this matter closed as it does not seem to warrant further action.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to referrals for potential recovery of monies. For Contract nos. C70180 and C70301, AGO informed OPA that there were jurisdictional issues involved, and it was therefore agreed to close the matter. For Contract no. C70220, AGO proceeded with legal action to recover \$45,000. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.</p> <p><i>Further Actions Needed</i></p> <p>AGO does not intend to take any action on Contract nos. C70180 and C70301. However, AGO should provide OPA copy of documents showing legal action taken to recover \$45,000 under Contract no. C70220.</p> <p>On 1/4/01, bills of collection for the following contracts were provided to OPA: Contract No. C60196 for \$1,320.94; Contract No. C70156 for \$2,426.45; Contract No. C50388 for \$1,619.66 (additional billing for \$2,000 to be provided).</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>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 AGO for legal action.</p> | | | <p>In the 10/01/01 response by DOF, the Secretary of Finance stated that the contractor for Contract no. C60355 has a claim against the CNMI for \$18,000. The CNMI refuses to pay the contractor's claim for lack of a change order. DOF is planning to charge the \$935 against the amount claimed by the contractor.</p> |
| <p>(Note: No further action required for contract nos. C50305, C60114, C60142, C70180, C70149, C60334).</p> | | | <p>For Contract no. C50388, DOF claims that the additional billing of \$2,000 to be provided to OPA is already included in the \$1.4 million which is separately recoverable. OPA looked into DOF's claim and ascertained that the \$2,000 was not included in the \$1.4 million.</p> |
| | | | <p>In addition, DOF is verifying all documents which were identified in the \$1.4 million as recoverable unless adequately supported. DOF provided OPA letters to three contractors requesting supporting documents for invoices under Contract nos. C50388, C31075, C60323, C60373, C70091, C70179, 300082-OC and C60196. DOF will inform OPA of any responses.</p> |
| | | | <p>In his 4/12/02 response, the Secretary of Finance informed OPA that DOF has sent out notices to four contractors. One contractor responded. Two of the notices were returned undelivered and one contractor replied asking for a more reasonable request given the amount of information and length of time that has elapsed.</p> |
| | | | <p><i>Further Actions Needed</i></p> |
| | | | <p>We consider the part of the recommendation pertaining to recovery of the overpayments on Contract Nos. C50305 and C60114 for \$56,158.49, on Contract No. C60334 for \$6,000, and on Contract No. C60142 for \$5,635.58 closed.</p> |
| | | | <p>We are redirecting the collection of overpayment for Contract No. C70180 of \$10,000 and for Contract No. C70149 of \$1,000 to the AGO. No further action is required from DOF.</p> |

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

Date(s) of followup letter(s) sent : 9/09/98 (DLNR) (CDA) (DPW) (PDO) (SMO), 9/17/98 (DOF) (GOV), 9/18/98 (DLI) (SAA) (DCCA) (DPS) (WRO) (SENATE) (HOUSEREP) (LEGBUREAU) (TMC) (BOE) (BOELEC) (CPA) (CUC) (NMIRF) (TCGCC) (LIBCOUNCIL), 9/21/98 (EMO) (DOC) (DPH) (SPMC) (SPRC) (TMO) (RMO) (NIMO) (SMC) (RMC) (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 (BOE) (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) (WRO), 1/17/00 (NMIRF), 7/3/00 (GOV), 7/6/00 (EMO) (LEG) (MVA), (RMO) (DCCA), 7/11/00 (BOE) (CPA) (CUC) (DLI) (LIBCOUNCIL) (NIMO) (RMC) (SENATE) (SPMC) (SPRC) (TMC) (WRO), 7/13/00 (DOF), 9/5/00 (NIMO), 7/00 (Verbal follow-ups made through the telephone), 9/6/00 (TMC) (LIBCOUNCIL) (SPMC), 1/16/01 (BOE), 1/17/01 (CPA), 1/18/01 (CUC) (DLI) (EMO) (RMC), 1/19/01 (DOF) (LEGBUREAU), 1/23/01 (SENATE), 1/24/01 (WRO), 1/30/01 (SPRC), 1/31/01 (RMO), 8/20/01 (CPA) (CUC), 8/21/01 (DOF) (RMC), 8/22/01 (LEGBUREAU) (WRO) (EMO) (SENATE) (BOE), 8/23/01 (DLI), 3/4/02 (EMO) (WRO), 3/5/02 (BOE) (SENATE), 3/12/02 (DOF), 8/9/02 (WRO), 8/12/02 (DOF)

Date(s) of response letter(s) received : 5/28/98 (DLI), 5/11/98 06/01/98 (DLNR), 6/04/98 (CDA), 6/29/98 (DPW), 7/01/98 (DCCA), 7/31/98 (PDO), 8/24/98 (SMO), 10/1/98 (TMO), 10/06/98 (CSC), 10/8/98 (DCCA), 10/13/98 (HOUSEREP), 10/15/98 (SAA), 10/21/98 (TMO), 11/6/98 (HOUSEREP), 2/25/99 (DPH), 4/7/99 (EMO), 4/8/99 (NIMO), 4/14/99 (TCGCC), 4/26/99 (DOC), 6/30/99 (DPS), 11/24/99 (BOE), 12/1/99 (NMIRF) (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 1/3/2000 (SMC), 1/12/00 (GOV) 1/20/2000 (NMIRF), 7/14/00 (SPMC), 7/16/00 (LIBCOUNCIL), 7/19/00 (NIMO) (RMO), 7/20/00 (TMC), 8/25/00 (MVA), 9/29/00 (DOF), 12/7/00 (meeting with Coordinating Group on DOF), 2/8/01 (RMO), 2/21/01 (SPRC), 8/29/01 (DLI), 8/30/01 (LEGBUREAU), 9/4/01 (meeting with EMO), 9/21/01 (RMC), 9/27/01 (CUC), 9/25/01 (WRO), 10/01/01 (DOF), 10/12/01 (CPA), 3/15/02 (SENATE), 3/20/02 (BOE) (EMO) (WRO), 3/27/02 (DOF request for extension), 4/12/02 (DOF), 8/21/02 (WRO), 8/23/02 (WRO), 8/26/02 (WRO), 8/30/02 (WRO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 1. The heads of departments, activities, and autonomous agencies of the CNMI government should become familiar with, and ensure that their | WRO | Closed | The Resident Representative provided OPA with the following: (1) a memorandum to all WRO staff on the use of log sheets and government vehicle authorization forms, |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>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>(2) government vehicle authorization forms for both the Saipan and Washington office, and (3) log sheet forms for both the Saipan and Washington office. The documents provided were sufficient to consider the recommendation closed.</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>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</p> | | | |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>authorizations are not required for law enforcement vehicles and vehicles used by elected officials.</p> | | | |
| <p>c) Accept conditions in written authorization forms that they will be responsible for the safety of the government vehicles they are authorized to take home, for any liability or damage resulting from their negligence while the vehicles are under their care, and for any tax consequences resulting from the benefit of using government vehicles between their homes and places of employment.</p> | | | |
| <p>d) Conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.</p> | | | |
| <p>2. The Secretary of Finance should instruct the Director of Procurement and Supply to:</p> | <p>DOF Proc. & Supply</p> | <p>Resolved Active</p> | <p>In the 10/1/01 response from DOF, the Secretary of Finance stated that DOF is currently updating the vehicle regulations to include items (a) and (c) of Recommendation 2. OPA was provided the initial draft copy of the regulations. In addition, DOF provided OPA a government vehicle inventory listing as of January 2001 which addressed item (b) of the recommendation.</p> |
| <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</p> | | | <p>In his 4/12/02 response, the Secretary of Finance informed OPA that revisions to the amended Government Vehicle Regulations are near completion, and a copy will be provided to OPA upon their adoption.</p> |
| | | | <p><i>Further Action Needed</i></p> |
| | | | <p>DOF should provide OPA copies of the revised Government Vehicle Regulations upon their adoption.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>marking.</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> | | | |

**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 (DLNR), 9/9/98 (DLNR), 8/04/98 (PDO), 9/1/98 (TMO), 9/17/98 (DOF), 9/18/98 (DCCA), 9/21/98 (DPW) (SMO) (DOC) (CSC) (DPH) (NIMO) (RMO) (RMC) (SMC) (TMO) (SPRC) (SPMC) (NMC) (PSS), 9/22/98 (OMB), 4/21/99 (DPW), 4/22/99 (SMC), 4/30/99 (DOC), 11/22/99 (DCCA), 11/23/99 (DOC) (DOF) (DPH) (DPW), 11/24/99 (NIMO) (NMC), 11/26/99 (OMB) (PDO) (PSS), 11/29/99 (RMC) (RMO) (SPMC) (SPRC) (SMC) (SMO) (TMO), 3/8/00 (TMO), 7/3/00 (DPW), 7/6/00 (RMO) (SMO), 7/11/00 (NIMO) (NMC) (PDO) (PSS) (RMC) (SPRC), 7/13/00 (DOF), 9/5/00 (NIMO), 11/8/00 (CAO), 1/15/01 (PSS), 1/18/01 (NMC) (PDO) (RMC) (SMC), 1/19/01 (CAO), 1/22/01 (SMO), 1/30/01 (DCCA) (SPRC), 1/31/01 (RMO), 8/20/01 (NMC) (PSS), 8/21/01 (RMC), 8/22/01 (SMC) (SPRC) (SMO) (DCCA), 9/19/01 (SPRC), 3/4/02 (DCCA) (NMC) (SMO), 3/5/02 (RMC) (SPRC), 3/11/02 (PSS), 8/9/02 (SMO) (RMC), 8/12/02 (NMC) (PSS)

Date(s) of response letter(s) received : 7/15/98 (GOV), 7/10/98 (DLNR), 7/24/98 (DLNR), 7/22/98 (PDO), 10/13/98 (SMC), 10/15/98 (TMO), 10/21/98 (TMO), 12/10/98 (DPW), 4/8/99 (NIMO), 4/26/99 (DOC) (SMC), 12/1/99 (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 12/13/99 (DPH), 1/3/00 (SMC), 2/2/00 (SMC), 2/00 (DOF), 3/8/00 (TMO), 7/3/00 (TMO), 7/19/00 (NIMO) (RMO), 9/8/00 (DPW), 10/3/00 (meeting with Coordinating Group on DCCA), 10/12/00 (CAO), 1/29/01 (CAO), 2/8/01 (RMO), 2/15/01 (PDO), 2/16/01 (PSS), 2/21/01 (SPRC), 3/29/01 (follow-up telephone conversation with the PDO), 3/29/01 (follow-up telephone conversation with NMC), 8/27/01 (SMC), 9/21/01 (RMC), 3/7/02 (meeting with Saipan Mayor), 3/20/02 (SMO), 3/21/02 (SPRC), 3/21/02 (meeting with DCCA Secretary), 4/3/02 (DCCA), 8/13/02 (NMC), 8/22/02 (SMO), 5/24/02 (PSS)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|--------------------|---|
| 74. Take appropriate disciplinary actions against the three employees who were AWOL. | RMC | Open Delinquent | In his 9/21/01 response, the RMC Chairman disclosed that appropriate disciplinary action was taken against the three employees who were AWOL but failed to provide us the details of the actions taken. |
| 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. | | | <p><i>Further Actions Needed</i></p> <p>Recommendation 74 - The Chief of Staff should provide OPA a copy of the memorandum taking appropriate disciplinary actions against the three employees who were AWOL.</p> |
| | | | Recommendation 75 - The Chief of Staff |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 79. Discuss with the heads of other agencies the possibility of permanent transfer for 7 temporarily assigned employees, review its staffing requirements, and request only the number of FTEs actually needed by the office. | RMC | Open Delinquent | should provide OPA copies of the applications for leave and STS evidencing that the employees were charged leave. In his 9/21/01 response, the RMC Chairman stated that they have discussed the possibility of transferring some of their employees but given the current economic and budget situation of the Commonwealth, they will hold the status quo until they see what direction the economy takes. <i>Further Action Needed</i> The Chief of Staff should inform OPA if further discussions with the heads of other agencies were engaged in and if they finally decided to transfer their employees. |
| 84. Require the Administrative Officer or designee to exercise due care in the review of Summary Time Sheets (STS). | SMO | Closed | In his 8/22/02 response, the Mayor of Saipan provided OPA a copy of the memorandum to the Personnel Time Keeper regarding review of Time & Attendance, Summary Time Sheet and Leave Applications, which was sufficient to consider the recommendation closed. |
| 86. Adjust the leave charges of the three employees. | SMO | Closed | In his 8/22/02 response, the Mayor of Saipan stated that the three employees served under the two previous Mayors. The employees had resigned prior to the current Mayor's administration in mid-January 2002. There are no references of records pertaining to the three employees, and whether their leave applications and Summary Time Sheets were appropriately charged with leave. Therefore, the current Mayor is unable to ascertain if appropriate or corrective measures were made by the previous two Mayors. Since the previous two Mayors did not take action on the recommendations and the employees are no longer with the office, we will consider recommendations 1 & 2 closed. |
| 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 | Closed | In his 8/22/02 response, the Mayor of Saipan stated that the three employees served under the two previous Mayors. The employees had resigned prior to the current Mayor's administration in mid-January 2002. There are no references of records pertaining to the three employees, and whether their leave applications and Summary Time Sheets were appropriately charged with leave. Therefore, the current Mayor is unable to ascertain if appropriate or corrective measures were made by the previous two Mayors. Since the previous two Mayors did not take action on the recommendations and the employees are no longer with the office, we will consider recommendations 1 & 2 closed. |
| 104. Require all timekeepers to control in-house comptime records of employees. | NMC | Closed | In her response letter dated 8/13/02, the NMC Interim President provided OPA copies of in-house compensatory time records of NMC employees that are maintained by the Finance Office. The documents provided were sufficient to consider the recommendation closed. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 108. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance. | NMC | Closed | In her response letter dated 8/13/02, the NMC Interim President informed OPA that the implementation of a time clock system at NMC is not practical in that instructional personnel work on a flex-time system. Also, many employees voluntarily work in the evenings, on weekends and sometimes on holidays with minimal or no regard for compensation. NMC also has policies and procedures in place governing employee work attendance. At present, the administrative managers and assistants monitor the attendance of employees in every department and report discrepancies to the immediate supervisor. OPA was provided a copy of the policies and procedures governing NMC employee work attendance which was sufficient to consider the recommendation closed. |
| 114. Require all employees to consistently punch the time clock. | PSS | Closed | <i>Recommendation nos. 114, 115 & 116</i> - In her response dated 5/24/02, the Commissioner of Education provided OPA with a copy of the memorandum directed to all PSS employees from the Commissioner of Education regarding enforcement of PSS time and attendance procedures. In the memorandum, (1) non-certified employees are directed to consistently time-in and time-out during office hours, (2) employees are reminded not to manually time-in and time-out except for appropriate cases which must be approved by the immediate supervisor, and (3) employees who leave during working hours for business reasons must log their destinations including purpose, time of leaving and time returned in the log-in and log-out sheets. Based on the document provided, recommendation nos. 114, 115 & 116 are therefore considered closed. |
| 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 | Closed | |

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

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

Date(s) of followup letter(s) sent : 2/16/00 (CDA), 7/3/00 (CDA), 7/6/00 (NMIRF) (HOUSEREP), 7/11/00 (CPA) (CUC) (GOV) (SENATE) (NMC), 1/17/01 (CPA), 1/18/01 (CUC) (NMC), 1/19/01 (NMIRF), 1/23/01 (HOUSEREP) (SENATE), 1/30/01 (GOV), 8/20/01 (CPA) (NMC) (CUC), 8/21/01 (NMIRF), 8/22/01 (Legislature) (GOV) (SENATE), 3/4/02 (CUC) (GOV) (HOUSEREP) (NMC), 3/5/02 (NMIRF) (SENATE), 8/9/02 (NMIRF), 8/12/02 (NMC) (CUC) (GOV)

Date(s) of response letter(s) received : 2/16/00 (CDA), 2/17/00 (NMIRF), 9/27/01 (CUC), 10/4/01 (NMIRF) letter of request for extension to respond until 11/3/01), 10/12/01 (CPA), 3/11/02 (HOUSEREP), 3/15/02 (SENATE), 8/13/02 (NMC), 9/5/02 (CUC)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| Instruct the person in charge of issuing and liquidating travel advances to strictly enforce requirement for trip report submission and timely filing of travel vouchers (TVs). This could be accomplished as follows: | CUC | Closed | <i>For Recommendations 1 and 2 - In his response letter dated 9/5/02, the CUC Acting Executive Director provided OPA with a copy of the memorandum dated 9/26/01 from the previous Executive Director to CUC Accounting - Travel Section regarding strict enforcement of timely submission of trip report and travel voucher, enforcement of not granting new travel advances to travelers with unliquidated travel advances and sanction of payroll deduction for those who failed to promptly file travel vouchers. OPA was also provided a copy of their document checklist for submission together with travel vouchers. The documents provided were sufficient to consider recommendations 1 and 2 closed.</i> |
| 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. | | | |

| 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><u>Action Required No. 1 and 2</u> NMIRF</p> <p><u>Action Required No. 1</u> Gov.</p> | <p>Open Delinquent</p> | <p><i>For Recommendation 1 and 2 - The NMC Interim President, in her letter response dated 8/13/02, provided OPA with excerpts of a memorandum issued by the NMC Comptroller followed by another memorandum reiterating the policies on government paid travel. OPA was also provided a sample of NMC's checklist which included trip report as one of the required attachments to the TV. The action taken by the NMC Interim President addressed the recommendations, and therefore the recommendations are considered closed.</i></p> <p>The response from the NMIRF Acting Administrator did not address the recommendation. 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, Senate President, and House Speaker did not submit written responses.</p> <p>Further Action Needed</p> <p>Provide OPA copies of the written instruction to the person in charge of issuing and liquidating travel advances regarding strict enforcement of the (1) requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and (2) required sanction of payroll deduction for travelers who fail to timely file TVs.</p> |

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Autonomous Agencies

Commonwealth Development Authority
Commonwealth Government Employees Credit Union
Commonwealth Ports Authority
Commonwealth Utilities Corporation
Marianas Public Lands Authority
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

Commonwealth Development Authority

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

Date(s) of followup letter(s) sent : 1/19/01 (DOF), 1/22/01 (CDA), 1/23/01 (Legislature), 8/21/01 (DOF), 8/22/01 (Legislature) (CDA), 3/4/02 (Legislature), 3/5/02 (CDA), 3/12/02 (DOF), 8/12/02 (Legislature) (DOF) (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 9/26/00 (DOF), 2/8/01 (CDA request for extension until 3/2/01), 3/1/01 (CDA), 10/01/01 (DOF), 2/12/02 (meeting with AGO), 3/11/02 (CDA), 3/27/02 (DOF request for extension), 4/12/02 (DOF), 5/31/02 (CDA)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 1. The CDA Board Chairman should immediately take steps to obtain reimbursement from the lessor of the amount of accrued interest on public funds advanced for the parking lot improvements amounting to \$9,278.31. | CDA | Resolved Active | In his 3/11/02 response, the CDA Comptroller informed OPA that the lessor agreed to reimburse the interest from the parking lot loan. OPA was provided a copy of an agreement where it was stipulated that from November 1, 2001 through October 1, 2006, \$108.38 will be deducted from the \$8,000 monthly rent as payment of interest due from the loan related to parking lot improvements. As of 4/3/02, the lessor has paid \$325.14 of the total interest leaving a balance of \$8,953.17 still collectible. In his 5/31/02 response, the CDA Comptroller stated that CDA will inform OPA of the amounts received from the borrower on an annual basis. |
| 2. The Legislature should amend 1 CMC §7402 of the Planning and Budgeting Act to specifically provide that unused budget authority may not | Legislature | Open Delinquent | The Speaker of the House stated that he intended to comply with our recommendation that 1 CMC §7402 of the Planning and Budgeting Act be amended |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>be transferred to subsequent years, and to provide sanctions for violations.</p> | | | <p>to provide that unused budget authority may not be transferred to subsequent years.</p> <p><i>Further Action Needed</i></p> <p>We consider this recommendation open until appropriate legislation is introduced to amend 1 CMC §7402.</p> |
| <p>4. <i>Original:</i> The Secretary of Finance should require P&S to assess CDA's capability to administer its own procurement regulations. More specifically, P&S should determine whether CDA has adopted the CNMI's procurement regulations. If so, P&S should assess whether CDA has the staff capability to carry out the functions P&S would normally administer, and then make a decision as to whether CDA should be delegated procurement authority.</p> | DOF/AGO | Resolved Delinquent | <p>In the 10/01/01 response from DOF, the Secretary of Finance stated that they cannot resolve the recommendation without a legal determination from AGO whether CDA has the statutory authority to promulgate its own procurement regulations. DOF provided OPA with a copy of their third request to AGO.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring AGO's legal opinion.</p> <p>On 4/12/02, the Secretary of Finance provided OPA copies of DOF's memorandum to the AGO requesting a legal opinion on the matter.</p> <p><i>Further Action Needed</i></p> <p>We consider the recommendation open until (1) the Attorney General rules on whether or not CDA has the statutory authority to promulgate its own regulations, as requested by the Secretary of Finance; (2) if it does not, P&S determines whether CDA has the staff capability to carry out the functions P&S would normally administer; and (3) P&S then makes a decision as to whether CDA should be delegated procurement authority.</p> |
| <p><i>As Redirected:</i> AGO should provide a legal opinion on whether or not CDA has the statutory authority to promulgate its own regulations, as requested by the Secretary of Finance.</p> | | | |
| <p><i>As Revised:</i> After receipt of the legal opinion from AGO, DOF should assess whether CDA has the staff capability to carry out the functions P&S would normally administer, and then make a decision as to whether CDA should be delegated procurement authority.</p> | | | |

**2. Commonwealth Development Authority
Independent Auditor's Report on Internal Control and on Compliance
Over Financial Reporting Based Upon the Audit Performed
in Accordance with Government Auditing Standards
Year Ended September 30, 2001**

Date(s) of followup letter(s) sent : 3/5/02, 8/9/02 (Independent Auditor re: CDA response), 9/10/02 (CDA re: Independent Auditor response)

Date(s) of response letter(s) received : 3/11/02, 5/28/02, 5/31/02, 8/13/02 (Independent Auditor)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|---|--|
| 1. CDA should ensure that follow-up procedures on past-due loans are adhered to. Legal action should be considered for those loans which are considered unlikely to be serviceable by the borrower. | CDA | Resolved Active (Outstanding since FY1994 Single Audit) | <p>In his response dated 5/31/02, the CDA Comptroller stated that staff members presented plans for more aggressive pursuit of delinquent borrowers to the CDA board at its Board of Directors meeting on 5/29/02. The next board meeting was scheduled for 6/4/02 at which time the board was to consider the staff recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 2. CDA should review instances of noncompliance with the requirements of the <i>Policies and Regulations for the Microloan Program Fund</i> (the manual) and determine if corrective action is necessary. CDA should also comply with the manual's requirements. | CDA | Resolved Active | <p>In his letter response dated 5/31/02, the CDA Comptroller stated that CDA is in the process of computerizing the data management of various documents required from borrowers on an annual basis. When completed, this new system will aid the efficiency and accuracy of requesting and filing the required documents. The manual review of all files is still ongoing.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 3. NMHC should ensure that restricted asset balances are accurately and fully maintained. | NMHC | Resolved Active (Outstanding since FY1999 Single Audit) | <p>NMHC during the year received a significant appropriation for past work performed. As such, its cash position has improved.</p> <p><i>Status of recommendation will remain</i></p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|---|--|
| 4. NMHC should review the monthly reports and ensure that current tenants living in units and assistance amounts are properly reported in the monthly request for Housing and Urban Development (HUD) assistance. | NMHC | Closed | <i>unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> NMHC had performed a software conversion in September which led to the oversight. The required adjustments have been completed. NMHC is pleased that the total number of findings in the management and filing of documents dramatically improved for the current year. |
| 5. CDA should ensure proper reporting of SF-272's to HUD. | NMHC | Open Active (Outstanding since FY2000 Single Audit) | In her 5/28/02 response, the NMHC Executive Director provided OPA with actions taken to report proper expenditure balances as per General Ledger (GL) and report SF272 to HUD, as shown in a copy of their GL Report of Expenditure vs. Revenues and corresponding SF272 done for Quarter ending 3/31/02. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |

Commonwealth Government Employees Credit Union

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

Date(s) of followup letter(s) sent : 7/12/00, 1/22/01, 8/23/01, 3/5/02, 8/9/02

Date(s) of response letter(s) received : 4/2/01 (follow-up telephone conversation)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|---|---|
| 1. CGECU should ensure that the general ledger balances for loans and deposits are reconciled with the subsidiary ledgers on a periodic basis. | CGECU | Resolved Delinquent (Outstanding since FY1996 Single Audit) | In a follow-up telephone conversation on 4/2/01, the Manager of the Credit Union informed OPA that they are in the process of inputting the December 2000 balances from the DBASE (old software) to the FOXPRO (new software), which they anticipate will be completed by the end of April 2001. With the new software, subsidiary ledgers can easily be balanced with the general ledger. Also, they will be able to print out accrued interest receivable on loans with payments not sufficient to cover interest accrued through the end of the month. |
| 2. CGECU should reconcile the general ledger with the subsidiary ledger on a monthly basis after all audit adjustments for FY 1997 are posted. | CGECU | Resolved Delinquent (Outstanding since FY1996 Single Audit) | <i>Further Action Needed</i> |
| 3. CGECU should follow the guidance in the Financial Accounting Standards Board (FASB) Statement No. 91, and should amortize deferred loan fees into income as an adjustment of interest income. | CGECU | Closed | Recommendation 1 and 2 - Provide OPA copies of subsidiary and general ledgers generated from the new software. With the help of accounting firm staff, CGECU has complied with FASB No. 91 for the year 1998 and will continue to comply with the statement. |

Commonwealth Ports Authority

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

Date(s) of followup letter(s) sent : 11/20/95, 3/7/96, 12/5/96, 2/02/98, 9/18/98, 11/22/99, 7/11/00, 1/17/01, 8/20/01, 3/5/02, 8/9/02, 10/3/02 (AGO)

Date(s) of response letter(s) received : 3/27/96, 12/24/96, 3/27/99, 10/12/01, 1/29/02, 8/21/02 (CPA request for extension), 8/30/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|--|----------------------------|--|
| <p>2. <i>Original:</i> 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.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection from the board members of the remaining balance of \$40,131 which was improperly reimbursed.</p> | <p>CPA - Redirected to AGO</p> | <p>Resolved Active</p> | <p>In his letter response dated 3/27/96, the former Board Chairman stated that out of the \$42,191 improper reimbursements, \$2,060 has been repaid (\$808.60 was offset against travel receivables and \$1,251.60 was directly paid to CPA), leaving a balance of \$40,131 still collectible.</p> <p>On 10/12/01, the CPA Executive Director informed OPA that this matter was referred to AGO for review and action. AGO has yet to issue a determination on whether the recommendation should be pursued in court. CPA suggested that OPA ask AGO for a response in this matter.</p> <p>In his response dated 8/30/02, the CPA Executive Director provided OPA with a copy of its referral letter to AGO dated 12/24/96.</p> <p><i>Further Action Needed</i></p> <p>The AGO should notify OPA of actions taken to pursue collection from the board members of the remaining \$40,131 which was improperly reimbursed.</p> |
| <p>4. The CPA Board Chairman should establish written policies and procedures to prevent financial interest violations in the future.</p> | <p>CPA</p> | <p>Closed</p> | <p>In his response dated 8/30/02, the CPA Executive Director provided OPA with a copy of the Commonwealth Ports Authority's Personnel Rules and Regulations which were adopted on August 8, 2002. The adopted CPA Personnel Rules and Regulations sufficiently addressed this recommendation.</p> |

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

Date(s) of followup letter(s) sent : 1/17/01 (CPA), 1/19/01 (NMIRF), 8/20/01 (CPA), 8/21/01 (NMIRF), 3/5/02 (CPA) (NMIRF), 8/9/02 (CPA) (NMIRF), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 8/31/01 (meeting with CPA), 10/4/01 (NMIRF letter of request for extension to respond until 11/3/01), 10/12/01 (CPA), 1/29/02, 2/12/02 (meeting with AGO), 8/21/02 (CPA request for extension), 8/30/02 (CPA)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|----------------|--|
| <p>1. The CPA Board of Directors should adopt personnel rules and regulations that are: (a) within the authority granted by the Commonwealth Ports Authority Act and other CNMI laws such as the Compensation Adjustment Act, (b) consistent with and governed by the same principles of fairness and equality as the CNMI Personnel Regulations, thereby eliminating authorization for FLSA-exempt (executive, administrative and professional) officials and employees to earn comptime, and the granting to six designated officials of 14 annual leave hours per payperiod, or 360 hours per year.</p> | CPA | Open Active | <p>In his letter response dated 5/12/00, the CPA Board Chairman disagreed with Recommendation 1. He believed that CPA is not required or obliged to adopt rules and regulations similar or identical to the CNMI Personnel Regulations. He also stated that CPA's system of compensation is generally commensurate with the rest of the Commonwealth government. He further said that the granting of 14 hours annual leave per pay period to designated officials is a matter of personnel policy.</p> <p>In his 10/12/01 response, the CPA Executive Director also disagreed with OPA's conclusion that CPA is required to adopt personnel rules and regulations that are similar, if not identical, to the CNMI's PSSRR. He stated that matters involving CPA personnel regulations, policies and benefits are strictly for the CPA board to decide. The Executive Director, suggested that the legislature could always review the matter and make recommendations to CPA to enact remedial legislation.</p> <p>In the proposed CPA Personnel Rules and Regulations, the CPA Executive Director has proposed provisions enumerated under Sections 3.05 and 3.07 which addressed OPA's recommendation of eliminating the grant to FLSA-exempt officials and employees to earn overtime or comptime. Also, Section 5.02 of the proposed Personnel Rules and Regulations states that "Employees</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|--------|---|
| 2. The CPA Board of Directors should establish necessary control procedures for approval and documentation of overtime and comptime. | CPA | Closed | <p>shall accumulate annual leave at the same rate as such leave time would be accumulated by employees of the Government of the Commonwealth of the Northern Marianas Islands." However, upon inquiry to the CPA Office Manager, OPA learned that CPA still granted the 14 annual leave hours for the last personnel contract executed. The proposed Personnel Rules and Regulations were published in the Commonwealth Register on January 29, 2002 for review and comments by interested parties until February 29, 2002.</p> <p>In his response dated 8/30/02, the CPA Executive Director informed OPA that CPA's Personnel Rules and Regulations were adopted on August 8, 2002 and were published in the Commonwealth Register. He also stated that CPA's Personnel Rules and Regulations are similar to the PSSRR in terms of personnel regulations, benefits and policies', however, the CPA Board decided to continue the accrual of 14 hours annual leave bi-weekly for several of its key management employees. On 9/16/02, OPA requested CPA for additional information on the matter.</p> <p><i>Further Action Needed</i></p> <p>CPA should provide OPA the requested information. In the meantime, OPA will consider redirecting this recommendation to AGO.</p> |
| 3. The CPA Board of Directors should comply with the Administrative Procedure Act by publishing the CPA Personnel Regulations in the Commonwealth Register. | CPA | Closed | <p>In his response dated 8/30/02, the CPA Executive Director provided OPA with a copy of the Commonwealth Ports Authority's Personnel Rules and Regulations which were adopted on August 8, 2002. The adopted CPA Personnel Rules and Regulations sufficiently addressed this recommendation.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|-----------------------------|------------------------|---|
| 4. The CPA Board of Directors should adopt personnel rules and regulations that are in compliance with the Retirement Fund Act, thereby repealing the regulation that allows conversion of unused comptime hours to accumulated sick leave for certain officials. | CPA | Closed | In his response dated 8/30/02, the CPA Executive Director provided OPA with a copy of the Commonwealth Ports Authority's Personnel Rules and Regulations which were adopted on August 8, 2002. The adopted CPA Personnel Rules and Regulations sufficiently addressed this recommendation. |
| 5. <i>Original:</i> The CPA Board of Directors should instruct the CPA Accounting Department to stop the practice of making advance payments of unused annual leave and salary, and comply with the provision in the employment contracts that payments will be made upon contract expiration. In the case of retiring employees not covered by employment contracts, payment should be made on the next payday following the termination of employment or on payroll due dates. | CPA Redirected to AGO | Resolved Delinquent | In his 10/12/01 response, the CPA Executive Director disagreed with the recommendation and stated that there is nothing illegal about making advanced leave payments for annual leave that has already accrued or advancing a salary that an employee has already earned. He further stated that this is a matter that rests exclusively with the CPA Board. |
| <i>As Redirected:</i> The AGO should provide its legal opinion on the propriety of CPA's practice of making advance payments of unused annual leave and salary, instead of complying with the provision in the employment contracts that payments will be made upon contract expiration. In the case of retiring employees not covered by employment contracts, payment should be made on the next payday following the termination of employment or on payroll due dates. | | | In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring AGO's legal opinion. |
| | | | <i>Further Action Needed</i> |
| | | | AGO should provide OPA a copy of its legal opinion on the matter. |
| 6. The CPA Board Chairman should request the NMI Retirement Fund to (a) adjust the pension amount of the former CPA Executive Director based on the average annual salary and creditable years of service per audit, (b) discontinue pension payments to the former CPA Security Chief | CPA | Resolved Active | On 5/25/00, CPA conducted a hearing through its Personnel Affairs Committee. In its written decision, the Committee stated that the 1,800 hours of comptime claimed by the former Security Chief had a factual basis and were justified, and therefore reaffirmed its decision and allowed it to stand. Also, on 6/17/00, the Committee wrote a letter to the former Executive Director about OPA's |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|----------------------------|------------------------|--|
| <p>who is not qualified to receive early retirement benefits, and (c) recover improper payments of retirement benefits to the two former CPA officials in accordance with the NMIRF Act.</p> | | | <p>findings and conclusion on the comptime he claimed during his employment at CPA. The Committee added that it had no way to independently determine the veracity of the total number of comptime hours claimed by the former Executive Director, and advised him to present his position to OPA regarding the comptime hours claimed.</p> <p>In his 10/12/01 response, the CPA Executive Director stated that NMIRF reduced the pension benefit of the former Executive Director and discontinued the pension benefit of the former Chief of Security. Both matters are now undergoing administrative adjudication before NMIRF and before the Superior Court. Therefore, until NMIRF renders its administrative decisions and until the court adjudication becomes final, CPA cannot implement the recommendation.</p> <p>In his 8/30/02 response, the CPA Executive Director informed OPA that the administrative adjudication by the NMI Retirement Fund Board is still on-going. CPA will inform OPA of the Fund's decision once the matter has been adjudicated.</p> <p><i>Further Action Needed</i></p> <p>The CPA Executive Director should inform OPA of the administrative decision made by NMIRF and the court adjudication, including any action taken as a result of such final rulings on the matter.</p> |
| <p>8. The Fund Administrator should instruct his staff to recalculate and adjust the pension benefits of all other fund members by disregarding overtime and comptime hours that were considered as additional credited service.</p> | <p>NMI Retirement Fund</p> | <p>Resolved Active</p> | <p>NMIRF obtained the legal opinion of AGO on whether overtime and compensatory time can be used to determine the benefit amount of a retirement annuity.</p> <p>AGO in its legal opinion dated 6/9/00, stated that overtime and compensatory time may not be used to calculate the amount of benefit, but only for determining eligibility for retirement. AGO also stated that overtime and compensatory time cannot be used to determine the amount of the benefit paid to a retiree by the Retirement Fund.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>9. The Fund Administrator should recover improper payments to the two former CPA officials totaling \$126,730.06, and also from all other fund members who have been overpaid by including overtime and comptime in the computation of their retirement annuity. If any problems exist in recovering overpayments, refer the matter to the Attorney General for legal action.</p> | <p>NMI Retirement Fund</p> | <p>Open Delinquent</p> | <p>AGO recommended that re-calculation of benefits to affected members should be made, and the amount of overpayments should be determined. AGO further stated that members should be informed and advised of their right to appeal an adverse determination. If no appeal is filed, then the collection process must be undertaken by the NMIRF.</p> <p>The Fund is in the process of determining which beneficiaries have been overpaid. Further actions will be taken after this determination, <i>i.e.</i>, informing affected beneficiaries, appeal and collection process, etc.</p> <p>Further Action Needed</p> <p>Provide OPA evidence that corrective action to adjust the benefits of all other affected fund members has been taken based on AGO's legal opinion.</p> |
| <p>10. The Fund Administrator should inform all government agencies</p> | <p>NMI Retirement</p> | <p>Open Delinquent</p> | <p>On 5/15/00, the Fund began withholding 50% of the former CPA Executive Director's semi-monthly pension. The Fund also conducted two separate agency hearings in connection with the retirement benefits improperly paid or being paid to the former Executive Director and former Security Chief. In its decision dated 2/15/01, the Fund's Board of Trustees affirmed the decision and actions of its Administrator in terminating the retirement benefit of the former Security Chief. Also, in a letter dated 7/27/00, AGO concurred with the findings of OPA and determined that the overpayment to the former Security Chief of CPA must be recovered. The Fund's Board of Trustees has not yet issued its decision on the case of the former Executive Director.</p> <p>Further Action Needed</p> <p>Provide OPA evidence of a written settlement plan with the former CPA Security Chief requiring repayment to the Retirement Fund.</p> |
| <p>AGO in its legal opinion dated 6/9/00, stated that overtime and compensatory time may not</p> | | | |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>how to compute retirement annuities, clearly explaining that overtime and comptime hours may not be considered as part of credited service.</p> | Fund | | <p>be used to calculate the amount of benefits, but only to determine eligibility for retirement. AGO also stated that overtime and compensatory time cannot be used to determine the amount of the benefits paid to a retiree by the Retirement Fund. The Fund Administrator has yet to begin informing all government agencies about the proper computation of retirement annuity, clearly explaining the exclusion of overtime and comptime from credited service based on AGO's legal opinion.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA evidence that the recommendation has been implemented.</p> |

**3. 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, 2001**

Date(s) of followup letter(s) sent : 8/9/02, 9/5/02 (Independent Auditor re: CPA response), 9/10/02 (CPA re: Independent Auditor response)

Date(s) of response letter(s) received : 8/21/02 (CPA request for extension), 8/30/02, 9/5/02 (Independent Auditor)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>1. CPA management should implement procedures to notify the accounting department of substantial completion of construction projects. Such procedures should involve an internal document, separate from the construction manager's official certification of completeness, to notify the accounting department that certain assets are in place and in use and should be depreciated. CPA should review completed</p> | CPA | <p>Resolved Active (Outstanding since FY 1998 Single Audit)</p> | <p>CPA has established certain procedures for timely reporting and accounting on converting the construction in progress to the fixed asset accounts.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>projects and CIP accounts to properly allocate capitalizable interest.</p> | | | |
| <p>2. CPA should monitor its insurance coverage for the Airport facilities to prevent potential losses and to comply with bond covenants.</p> | CPA | <p>Resolved Active (Outstanding since FY2000 Single Audit)</p> | <p>CPA increased its insurance coverage from \$150 million to \$176 million. CPA's insurance broker is responsible for placement of the insurance coverage. CPA's insurance consultant is responsible for advising CPA on the level of exposure such that the agency can save money and minimize its level of risk or exposure.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| <p>3. CPA should review all revenue generating sources to ensure that amounts collected will be sufficient to meet the requirements of the Seaport Bond Indenture Agreement.</p> | CPA | <p>Resolved Active</p> | <p>CPA is constantly reviewing its revenue sources. The terminal tariff and airport rates as contained in CPA's rules and regulations are being scheduled for increases on specific dates to meet CPA's operational expenses and bond obligations. CPA is now implementing plans to compensate for the revenue shortfalls due to the recent September 11th event without the help of any tax dollars from the CNMI government.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |

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, 1/5/00 (AGO), 7/11/00 (CUC), 7/12/00 (AGO), 1/17/01 (AGO), 1/18/01 (CUC), 8/20/01 (CUC), 3/4/02 (CUC), 8/12/02 (CUC)

Date(s) of response letter(s) received : 4/4/97 (AGO), 4/20/98 (AGO), 7/18/00 (CUC), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO), 9/27/01 (CUC), 9/5/02 (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 | Closed | On January 17, 2002, a new travel policy was adopted by the Board of Directors. OPA was provided a copy of the adopted travel policy which sufficiently addressed this recommendation. |
| 6. The CUC Executive Director should establish and implement written policies and procedures regulating official representation, entertainment, and other expenses of similar nature. The policy should clearly indicate the officials authorized to incur such expenses, the circumstances when such expenses may be incurred, dollar limits on the amount that may be spent, and the places where such entertainment may be conducted. The procedures should include instructions on how to request advances and document official representation expenses. | CUC | Resolved Active | <p>On 7/18/00, the Executive Director provided OPA with a draft copy of policies regulating official representation and business entertainment expenses.</p> <p>In his 9/27/01 response, the CUC Executive Director stated that CUC will prepare to adopt the official representation policies at their next regular Board meeting.</p> <p>In his response letter dated 9/5/02, the CUC Acting Executive Director informed OPA that the proposed Official Representation policy is still under review by its Legal Counsel. Upon review, the policy will then be presented to the CUC Board of Directors for its adoption.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA with a copy of the Official Representation policy upon its adoption.</p> |
| 8. The CUC Executive Director should | CUC | Resolved | In his 9/27/01 response, the CUC |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| require the Comptroller to develop procedures on purchases requiring cash payment, wire transfers, and allowability of cash purchases for reimbursement. | | Active | <p>Executive Director stated that the CUC Comptroller has been tasked to establish procedures to ensure compliance with Recommendation No. 8 (purchases requiring cash payment, wire transfers, and allowability of cash purchases for reimbursement).</p> <p>In his response letter dated 9/5/02, the CUC Acting Executive Director provided OPA with a copy of CUC's proposed policies and procedures for wire transfers.</p> <p><i>Further Action Needed</i></p> <p>CUC should provide OPA with a copy of the policies and procedures for wire transfers upon their adoption.</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. | CUC | Closed | <p>In his response letter dated 9/5/02, the CUC Acting Executive Director stated that documents that will evidence CUC's receipts of the items purchased by the former Executive Director are already beyond their retention period and the staff members knowledgeable about the transactions are no longer with the office. He also stated that our office should consider that the recovery of erroneous payments, which the audit also uncovered, was deemed untenable by AGO because of the Statute of Limitations. Based on the explanation provided by the Acting CUC Executive Director and the fact that the Statute of Limitations has passed on this recommendation, it is therefore considered closed.</p> |
| 12. The CUC Executive Director should formally adopt the CNMI policy on travel accommodations and car insurance. | CUC | Closed | <p>CUC provided OPA a copy of its new travel policy which was adopted by the Board of Directors on January 17, 2002. The adopted travel policy contained guidelines on travel accommodations but did not address car insurance reimbursement. In a telephone follow-up conversation, the CUC Comptroller stated that car insurance is considered a reasonable part of travel cost and may be eligible for reimbursement. CUC opted to follow its own policy in regards to car</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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insurance, and therefore OPA considers the recommendation closed.

**2. Report No. LT-01-07 issued November 23, 2001
Commonwealth Utilities Corporation
Audit of Travel of the Board of Directors,
Key Management and Other CNMI Government Officials
from October 1999 through March 2001**

Date(s) of followup letter(s) sent : 3/4/02, 8/12/02

Date(s) of response letter(s) received : 1/17/02, 9/5/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 3. The Chairman of the Board issue a directive that ensures that Board members adhere to the following CNMI travel policies when processing Board travel: | CUC | Closed | On January 17, 2002, a new travel policy was adopted by the Board of Directors. OPA was provided a copy of the adopted travel policy which sufficiently addressed this recommendation. |
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- Travel advances shall not exceed the 80 percent ceiling.
- Any outstanding travel advance for cancelled trips shall be immediately returned to CUC.
- Travelers shall submit detailed trip reports.

| | | | |
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| 4. The Chairman of the Board and the Executive Director initiate recovery of any overpayments mentioned in this report. | CUC | Resolved Active | The findings pertaining to TA's with erroneous per diem payments are considered resolved pending the submission of pertinent documents needed to close the recommendation. |
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In his 9/5/02 response, the CUC Acting Executive Director provided OPA with the following:

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| Closed | <ul style="list-style-type: none"> • TA no. 01-270 - copy of the 4/6/01 CUC Board of Directors minutes of meeting wherein the outcome of the March 12 and 13 emergency meetings was finalized and presented by the |
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| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | Closed | <p>Negotiation Committee.</p> <ul style="list-style-type: none"> TA no. 00-254 - no certification from the travel agent was provided. However, a letter from the traveler dated 11/6/01 explaining the reason for the delay was provided. The letter bears the former Executive Director's signed concurrence for the additional stay. |
| | | Closed | <ul style="list-style-type: none"> TA no. 00-375 - schedule showing TA was paid in full. |
| | | Closed | <ul style="list-style-type: none"> TA's with erroneous per diem payments (Board Member 7 & CUC Officer 1) - schedule showing erroneous payments paid in full. |
| | | | <p>Further Actions Needed</p> <p>CUC should provide OPA with the following:</p> <ul style="list-style-type: none"> TA's with erroneous per diem payments - Board Member 1, Board Member 3, Board Member 4, Board Member 5. |
| | | Open Active | <p>The findings pertaining to TA nos. 00-238 and 00-404 are considered open. We recommend that CUC reconsider its position on these matters.</p> |
| <p>5. The Executive Director continue the effort to standardize and conform CUC's travel policies and procedures to 1 CMC § 7407 of the Planning and Budgeting Act which requires submission of a detailed trip report and documented travel expenditures after completion of government travel. Also, include written procedures and a checklist to assist in verifying the validity and accuracy of amounts claimed as travel expenses. As for the liquidation of travel advances, CUC may continue with its 10-day liquidation period policy as it is even more stringent than the CNMI travel policy of 15 days.</p> | CUC | Closed | <p>On January 17, 2002, a new travel policy was adopted by the Board of Directors. OPA was provided a copy of the adopted travel policy which sufficiently addressed this recommendation.</p> |

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

Date(s) of followup letter(s) sent : 7/11/00, 1/18/01, 8/20/01, 3/4/02, 8/12/02

Date(s) of response letter(s) received : 9/5/02

| 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 is implemented on a more timely basis. | CUC | Open Active (Outstanding since FY1994 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 2. CUC should execute formal agreements with all owners of land on which CUC has assets. | CUC | Open Active (Outstanding since FY1996 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 3. CUC should implement policies and procedures to ensure the timely follow-up and collection of balances due. | CUC | Open Active (Outstanding since FY1994 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 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 | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 5. CUC should ensure strict adherence to procurement policies and procedures. | CUC | Open Active | <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 6. CUC should pre-approve and appropriately document all non-emergency overtime. | CUC | Open Active (Outstanding since FY1996 Single Audit) | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 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 Active (Outstanding since FY1990 Single Audit) | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 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 Active (Outstanding since FY1997 Single Audit) | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 9. CUC should reconcile with appropriate CNMI officials the balance due from the CNMI and record any necessary adjustments. | CUC | Open Active (Outstanding since FY1995 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 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 Active (Outstanding since FY1993 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 11. CUC should ensure that final inventory listings reflect quantities of items counted at balance sheet date. | CUC | Open Active (Outstanding since FY1994 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 12. CUC should reconcile its inventory listing to cost documentation. | CUC | Open Active (Outstanding since FY1996 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 13. CUC should retain supporting invoices or other appropriate documentation to substantiate inventory cost, and completely overhaul the parts inventory system to prevent further errors. | CUC | Open Active (Outstanding since FY1995 Single Audit) | OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 14. CUC should implement appropriate procedures to restrict access to inventory items and to keep accurate records of all inventory items issued. | CUC | Open Active (Outstanding since FY1996 Single Audit) | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. |
| 15. CUC should ensure that proper construction work-in-progress records are maintained. | CUC | Open Active (Outstanding since FY1988 Single Audit) | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. |
| 16. CUC should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments. Additionally, we recommend that CUC implement a system of tagging fixed assets and perform periodic counts to ensure their continued existence. | CUC | Open Active (Outstanding since FY1988 Single Audit) | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. |
| 17. CUC should ensure that the fixed asset register is reconciled with the general ledger on a monthly basis. | CUC | Open Active (Outstanding since FY1997 Single Audit) | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 18. CUC should implement a policy with respect to required insurance coverage levels. | CUC | Open Active (Outstanding since FY1989 Single Audit) | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 19. CUC should review its system of recordkeeping, and establish policies and procedures to ensure that utility service applications are appropriately maintained. | CUC | Open Active | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 20. CUC should implement appropriate policies and procedures to ensure recording of all liabilities in the appropriate fiscal year. | CUC | Open Active | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 21. CUC and CDA should come to an agreement regarding the precise nature of the \$10M note payable by CUC to CDA, and document such an agreement accordingly. | CUC | Open Active (Outstanding since FY1995 Single Audit) | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 22. CUC should establish a separate reserve account to account for both the 15 cents per gallon set aside and the related expenditures. | CUC | Open Active (Outstanding since FY1997 Single Audit) | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 23. CUC should ensure that all amounts requested for reimbursement are adequately supported. | CUC | Open Active | <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 24. CUC should ensure that all progress billings are accompanied by appropriately approved stage-of-completion documentation. | CUC | Open Active | <p>OPA was provided a draft copy of CUC's response to the Single Audit recommendations. CUC should provide OPA with its official response to the Single Audit recommendations.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |

Marianas Public Lands Authority

**I. Report No. AR-95-18 issued October 10, 1995
 Division of Public Lands (DPL)
 (Currently Marianas Public Lands Authority)
 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, 1/5/00 (AGO), 7/6/00 (DPL), 7/12/00 (AGO), 1/17/01 (AGO), 1/24/01 (DLNR), 8/21/01 (AGO), 8/23/01 (OPL), 8/12/02 (MPLA) (AGO), 10/3/02 (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), 1/20/00 (AGO), 6/2/00 (DPL), 9/27/00 (DPL), 10/31/00 (meeting with Coordinating Group on DLNR), 11/7/00 (meeting with Coordinating Group on AGO), 2/8/01 (DPL), 2/22/01 (DPL), 3/9/01 (AGO), 8/30/01 (OPL), 9/28/01 (OPL), 2/12/02 (meeting with AGO), 3/6/02 (MPLA), 8/19/02 (MPLA)

| 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 require the cardholders to reimburse the Marianas Public Land Corporation (MPLC) for all the unallowable and unsupported credit card charges, unless they can specifically relate the charges to MPLC official business and present supporting documents. If necessary, the Secretary of DLNR and the Director of DPL should seek the assistance of the Attorney General to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p> <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General should take appropriate action to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p> | AGO | Resolved Delinquent | <p>The status of the actions taken against the five cardholders is as follows:</p> <p>a) The Former Executive Director entered into a settlement agreement in which he agreed to pay back in excess of \$54,000. The payment was made by release of retirement benefits that were owed to him, and by transferring private property to the CNMI government and waiving a potential land claim.</p> <p>b) The former Board Chairman and Rota Board member signed promissory notes for \$15,646.87 and \$25,673.29, respectively, with the AGO requiring monthly payments to the Division of Public Lands.</p> <p>c) The former Tinian Board member entered into a settlement agreement for \$11,657 payable in monthly installments of \$250 to DPL beginning January 2000.</p> <p>d) The case against the former Comptroller was tried as a bench trial in the CNMI Superior Court in January 2001. A judgment arising from that trial is pending.</p> |
| <p>2. <i>Original:</i> The Secretary of DLNR should recover from the cardholders the amount of \$45,698.</p> | AGO | Resolved Delinquent | |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should take appropriate action to recover the amount of \$45,698 from the cardholders.</p> | | | <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring specific actions to be taken by AGO.</p> |
| | | | <p><i>Further Action Needed</i></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> | AGO | Resolved Delinquent | <p>AGO should provide OPA copies of documents showing conveyance of the former Executive Director's property to ensure settlement of the debt. In addition, AGO should provide copy of any judgment arising from the trial in the lawsuit filed against the former Comptroller.</p> |
| <p><i>As Revised and Redirected to the Attorney General's Office -</i> The Attorney General's Office should take appropriate action to recover improper representation expense charges from the former Executive Director.</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 for 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 (currently Marianas Public Lands Authority) | Resolved Active | <p>The former Tinian Board member opted to enter into a settlement agreement for \$11,657, to be paid in monthly installments of \$250 to the Marianas Public Lands Authority (MPLA), beginning January 2000. The former Board Chairman and Rota Board member both signed promissory notes for \$15,646.87 and \$25,673.29, and will make payments of \$50 and \$200 respectively, directly to MPLA. Total amount to be recovered is \$52,977.16.</p> |
| | | | <p>As a result, MPLA now maintains subsidiary ledgers to record payments received from the former Tinian Board member who signed the settlement agreement, and the former Board Chairman and Rota Board member who both signed promissory notes.</p> |
| | | | <p>As of February 2002, the former Tinian Board member has a balance of \$8,982, the former Board Chairman has a balance of \$10,321.84 and the former Rota Board member has a balance of \$15,873.29.</p> |
| | | | <p>In her response letter dated 8/19/02, the MPLA Commissioner stated that the former</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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Tinian Board member and former Board Chairman have ceased making payments for the past several months. MPLA will be forwarding to its legal counsel the accounts of the two non-paying board members to initiate legal action to collect the accounts.

The former Rota Board member submitted a request on 8/5/02 to waive the total interest assessed against his unpaid balance and to pay the principal balance in installments. According to the MPLA Commissioner, the request will be presented to the Board for consideration.

Further Action Needed

MPLA should continue to provide OPA with the status of collections and an update as to the finalization of the former Rota Board member's account and the legal actions taken against the two former Board members who ceased making payments.

**2. Report No. AR-96-05 issued March 21, 1996
Division of Public Lands
(Currently Marianas Public Lands Authority)
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, 1/5/00 (AGO), 7/12/00 (AGO), 1/17/01 (AGO), 8/21/01 (AGO), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 4/4/97(AGO), 9/11/97, 3/10/98, 4/20/98 (AGO), 1/20/00 (AGO), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 1. <i>Original:</i> - The Secretary of DLNR should terminate Corporation A's lease of the Garapan Fishing Base and instruct the DPL Legal Counsel to: (a) initiate legal proceedings to collect rentals due from Corporation A and Restaurant A, (b) recover from the | AGO | Resolved Delinquent | On March 10, 1998, the Attorney General's Office provided OPA documents showing collection of the \$338,910.63 representing rentals due from Corporation A. However, the Attorney General's Office is still considering whether to bring action against Restaurant A and against the former |
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| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>former President of Corporation B all payments collected from Corporation C for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Restaurant B, and (c) notify Restaurant A to pay rentals directly to DPL on a month-to-month basis.</p> | | | <p>President of Corporation B. In view of this, OPA closed only the portion of the recommendation pertaining to Corporation A.</p> |
| <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should: (a) initiate legal proceedings to collect rentals due from Corporation A and Restaurant A, (b) recover from the former President of Corporation B all payments collected from Corporation C for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Restaurant B, and (c) notify Restaurant A to pay rentals directly to DPL on a month-to-month basis.</p> | | | <p>In his 3/9/01 response, the Acting Attorney General stated that liability in this case is clear, as the purchasing corporation signed a "promise to pay" reasonable value for use of public lands. Prospects for recovery need to be fully explored to determine if the case truly has merit.</p> |
| <p>3. Report No. AR-00-04 issued November 22, 2000 Division of Public Lands (Currently Marianas Public Lands Authority) Audit of Collection of Rentals on Land Leases with Quarries For Six Lease Years from 1990 to 1995</p> | | | <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring specific actions to be taken by AGO.</p> |
| <p>Date(s) of followup letter(s) sent : 1/22/01, 8/27/01, 8/12/02</p> <p>Date(s) of response letter(s) received : 9/15/00, 11/9/00, 11/21/00, 2/8/01, 2/22/01 (request for extension until 3/9/01), 3/5/01, 9/27/01 (only acknowledgment of follow-up letter), 12/18/01, 1/4/02, 1/29/02, 3/1/02, 6/3/02, 8/8/02, 8/19/02, 9/9/02, 9/24/02</p> | | | <p><i>Further Action Needed</i></p> <p>To consider the recommendation closed, the Attorney General's Office should provide OPA the results of their review and actions to be taken to address this recommendation.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>2. The Board of Public Lands (BPL) should require the DPL Director to take steps to collect the \$4.69 million in underpayment of rentals (including interest) on land leases with 8 quarries,</p> | <p>BPL (currently Board of Marianas Public Lands)</p> | <p>Resolved Active</p> | <p>After billings were sent to collect the \$4,690,707.81 in underpayment of rentals, quarry operator H paid \$789.87 as full payment. However, the amount of \$946,967.58 owed by quarry operator B was</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| and refer those lessees who refuse to pay to the Attorney General's office for legal action. | Authority) | | written off due to its bankruptcy. Therefore, of the 8 quarry operators, DPL will pursue collection of lease rentals and interest from the remaining six quarry operators, for a total of \$3,742,950.36. The status of collections for the remaining six quarry operators as provided by MPLA in its 8/19/02 response is as follows: a. Quarry Operator A - A promissory note has been drafted for the settlement of unpaid rentals. The promissory note is currently under review by the the MPLA Legal Counsel. b. Quarry Operator C proposed to make monthly installment payments of \$500 in settlement of its outstanding arrears. A promissory note has been drafted and is currently under review by the MPLA Legal Counsel. The permittee, however, has requested MPLA to waive the interest assessed to assist it in updating its past due accounts. Quarry Operator C's request to waive interests assessed will be presented to the MPLA Board at its regular meeting on 8/23/02 for proper disposition. On 3/7/02, MPLA offset its \$5,350 contract obligations due to Quarry Operator C as partial settlement towards its outstanding obligations. Quarry Operator C also initiated its monthly payment of \$500 on 8/6/02 per receipt no. 2002-01345. On 9/24/02, MPLA provided OPA with a copy of the payment receipt evidencing another partial payment of \$500 made by Quarry Operator C on 9/3/02. [Prior payments made on 11/28/01, 1/02/02, 1/31/02, 2/28/02 totaling \$20,000]. Total payments made by Quarry Operator C, including the amount offset against contract obligations with MPLA as settlement towards its outstanding obligations, amounted to \$26,350. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | <p>c. Quarry Operator D proposed to make monthly installment payments of \$5,000 beginning November 2001. A promissory note has been drafted and is currently under review by the MPLA Legal Counsel. Last payment received from Quarry Operator D was on 3/28/02 for \$5,000 per receipt no. 2002-00733. On 9/24/02, MPLA provided OPA with a copy of the payment receipt evidencing partial payment of \$5,000 made by Quarry Operator D on 8/21/02.</p> |
| | | | <p>d. Quarry Operator E's Legal Counsel wrote to MPLA regarding its concerns on the assessed underpayments and at the same time, proposed a settlement of \$72,014.16 for the outstanding obligations. On 11/8/01, Quarry Operator E was notified that it must settle its outstanding arrears and that its offer of \$72,014.16 was not acceptable. On 6/3/02, MPLA issued a response letter to Quarry Operator E regarding its concerns on the OPA audit and requested payment in the amount of \$584,234.53 (balance as of 5/31/02) or contacting MPLA to arrange a payment plan.</p> |
| | | | <p>e. Quarry Operator F claims that no additional charges should be assessed against it because of a land exchange that took place for one of its quarry sites. According to the MPLA Commissioner, the matter is under investigation. MPLA will notify OPA with a complete account of the matter as soon as the investigation is complete. On 8/12/02, Quarry Operator F proposed to pay the unpaid royalties for its other quarry lease in monthly installment payments of \$500, and asked to waive the interest assessed. MPLA will present Quarry Operator F's request to the board at its regular meeting on 8/23/02.</p> |
| | | | <p>f. Quarry Operator G - On 3/13/01, MPLA provided Quarry Operator G a reconciliation of the outstanding unpaid</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>3. The Board of Public Lands should require the DPL Director to review the effect of the additional revenues identified in this audit on each affected year's operation in order to determine if there will be surplus funds due to the Marianas Public Land Trust (MPLT).</p> | <p>BPL (currently Board of Marianas Public Lands Authority)</p> | <p>Open Active</p> | <p>account and clarifications on the disputed charges. Quarry Operator G provided its own reconciliation to MPLA on 3/18/02 and proposed a settlement of \$24,044.27 which includes interest through 3/31/02. On 8/8/02, MPLA issued its response and finalized its reconciliation with Quarry Operator G.</p> <p>[Prior payments made on 9/5/00 for \$30,072.91].</p> <p><i>Further Action Needed</i></p> <p>Provide OPA with an updated reconciliation of the remaining balance for the six quarry operators for the underpayment of rentals in the amount of \$4,690,707.81 for lease years 1990 to 1995, the period of the audit.</p> <p>The response expressed concurrence with the recommendation and stated that DPL is currently reviewing the effect of the foregoing unrealized revenues for each affected year's operation to determine whether there are surplus funds due to MPLT.</p> <p>In a 1/4/02 response from MPLA, the Commissioner (formerly Executive Director) stated that they will be providing OPA updates on the "open" recommendations as they materialize.</p> <p>In her response letter dated 8/19/02, the Commissioner stated that MPLA has yet to finalize assessment of the additional revenues pending requests and negotiations with lessees/permittees which require thorough review.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA copies of the results of the review and supporting documents.</p> |
| <p>5. The Board of Public Lands should require the DPL Director to send letters to lessees who misinterpreted certain</p> | <p>BPL (currently Board of</p> | <p>Resolved Active</p> | <p>The response expressed concurrence with the recommendation and stated that DPL will ask respective lessees to clarify the proper</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>provisions of the lease agreements/permits and incorrectly computed required rentals, clarifying for them the proper interpretation of material subject to royalty or gross receipts rent, and the common errors noted such as not implementing rate increases on the anniversary dates of lease agreements.</p> | <p>Marianas Public Lands Authority)</p> | | <p>interpretation of certain rental provisions of the lease agreement/permits on material subject to royalty or gross receipts rent, as well as other errors committed in the computations of rentals.</p> |
| | | | <p>OPA was provided with a 9/15/00 letter sent by DPL to quarry operator E evidencing communication as to the audit finding on its quarry operations. Another quarry operator, quarry operator H, fully paid its amount due to DPL, so there is no need to send it a letter. We consider the part of the recommendation pertaining to quarry operators E and H closed.</p> |
| | | | <p>On 12/18/01, OPA was provided with a 3/13/01 letter sent by MPLA to quarry operator G clarifying the proper interpretation of material subject to royalty or gross receipts rent, and the common errors noted such as not implementing rate increases on the anniversary dates of lease agreements. Based on the response provided, we consider the part of the recommendation pertaining to quarry operator G closed.</p> |
| | | | <p>In her response letter dated 8/19/02, the Commissioner informed OPA that MPLA has not yet sent a letter to Quarry Operator F pending an investigation of the permittee's land exchange claim.</p> |
| | | | <p>Further Action Needed</p> <p>Provide OPA copies of documents evidencing communication with the remaining lessee, <i>i.e.</i> Quarry Operator F.</p> |
| <p>9. The Board of Public Lands should require the DPL Director to amend the conditions for quarry lease agreements/permits to include (and include in future agreements/permits) a provision that government agencies will be exempt from paying any cost for material extracted from a government-owned quarry site because the sites are government properties and the lessees/permit holders are making</p> | <p>BPL (currently Board of Marianas Public Lands Authority)</p> | <p>Closed</p> | <p>The response expressed concurrence with the recommendation, and stated that DPL will consider adding to its future quarry lease agreements/permits a provision that exempts government agencies from paying any cost/fee for material extractions from a designated government quarry site. Further consideration will be given to exempting quarry operators from paying royalty fees on any quantity of quarry materials taken by government agencies from quarry sites, more</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| substantial profits in their quarry operations. In return, the lessee should be exempt from paying a royalty on the quantity of material quarried by a government agency. The suggested provision can help reduce CNMI government costs. | | | specifically if the extractions are for public purposes. In a 1/4/02 response from MPLA, the Commissioner stated that MPLA will be providing OPA updates on the "open" recommendations as they materialize. In her response letter dated 8/19/02, the Commissioner informed OPA that the MPLA Board of Directors has adopted procedures for leases and permits on 1/24/02, and will incorporate them in all future quarry permit and lease agreements. OPA was provided a copy of the adopted procedures detailing the functions of program activities on leases and permits which was sufficient to consider this recommendation closed. |

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, 1/5/00 (AGO), 7/6/00 (MVA), 9/12/00 (MVA), 7/13/00 (DOF), 1/23/01 (MVA), 8/22/01 (MVA), 3/7/02 (MVA), 8/9/02 (MVA)

Date(s) of response letter(s) received : 1/4/00 (DOF), 1/12/00 (GOV), 2/00 (DOF), 8/25/00 (MVA), 10/4/01 (MVA), 3/27/02 (MVA), 9/6/02 (MVA)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 7. The Managing Director should establish a filing system that can provide a complete history of the transactions with each individual contractor. Contract files generally consist of (1) contracting files which document the basis for acquisition and the award of the contract, (2) contract administration files which document actions taken to monitor contractor performance and compliance with the scope of work, and (3) payment contract files which document actions substantiating and reflecting contract payments. | MVA | Closed | In her 9/6/02 response letter, the Acting Managing Director for MVA provided OPA with a copy of its newly implemented policies and procedures establishing a filing system to track and document contracts. Furthermore, in a phone conversation on 9/10/02, MVA's Chief Accountant stated that MVA adheres to the CNMI procurement procedures. The document provided was sufficient to consider this recommendation closed. |

Northern Marianas College

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

Date(s) of followup letter(s) sent : 7/11/00, 9/19/00, 1/18/01, 8/20/01, 3/4/02, 8/12/02

Date(s) of response letter(s) received : 8/28/00, 8/13/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|--------|---|
| The Board of Regents should take the following steps: | | | |
| 1. Adopt and implement clear policies, procedures, and administrative sanctions that will ensure regular performance or control over the following: <ul style="list-style-type: none"> a. the proper turnover of cashiering duties and responsibilities any time a cashier goes out of the office, or is absent and is temporarily relieved by another person, to prohibit commingling of cash collected by the cashier with the reliever's cash collections. b. the proper custodianship for the cash safe's combination and key (only one person may have access), unused official receipts (ORs), blank checks, and limited access to the cashier's office. c. use of control features in the computerized accounting system, such as the use of passwords or log-on identifications, limiting access and user capabilities to specific users and key officials only. For example, people collecting tuition and other fees should only be allowed to see (inquiry options only) the student accounts receivable subsidiary ledger balances on the computer monitors, but must not be allowed to input or | NMC | Closed | <i>For Recommendations 1 and 2 - On 8/13/02, the Interim President provided OPA with specific applicable provisions of NMC's Internal Control Policies adequately addressing both recommendations, which are therefore considered closed.</i> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------|--|
| adjust any financial information. | | | |
| d. periodic audits or surprise cash counts for handlers of petty cash and change funds, and having petty cash vouchers and other supporting documents for payments in the files at all times. | | | |
| 2. Require the Comptroller to implement and enforce effective internal controls over cash. The Comptroller must also identify the specific Business Office supervisor who will perform the following: | NMC | Closed | |
| a. Supervision and Review of the cashier | | | |
| 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 Unposted Transaction Reports (UTR), (2) verify the accuracy and completeness of reported collections by reviewing the sequence of ORs issued, (3) count the cash and checks collected, compare the breakdown and total amount counted against what was reported in the UTR, (4) determine the cause of cash shortages or overages, if any, and report such occurrences to management, (5) determine if the deposit slip was properly prepared, and then sign the deposit slip to show that the review process was conducted, and (6) ensure that the collection to be deposited is placed inside a locked bank deposit bag and placed in a safe under lock and key if the actual deposit will be made on the next banking day. | | | |

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

**2. Northern Marianas College
Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting
in Accordance with Government Auditing Standards
Year Ended September 30, 1999**

Date(s) of followup letter(s) sent : 8/20/01, 3/4/02, 8/12/02, 9/3/02 (Independent Auditor re: NMC response), 9/30/02 (NMC re: Independent Auditor response)

Date(s) of response letter(s) received : 8/13/02, 9/23/02 (Independent Auditor)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|----------------|---|
| <i>Financial Statement Finding</i> | | | |
| <p>1. NMC should establish and implement internal control accounting policies and procedures to ensure that only properly approved and reviewed journal entries are recorded in the general ledger. These journal entries should be supported by original documents that reflect the</p> | NMC | Open Active | <p>The NMC Interim President stated that related policies and procedures discussed in the recommendation are already in place.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the</i></p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|----------------|---|
| date, amount, and nature of the transactions and the parties involved. | | | <i>recommendation was addressed.</i> |
| 2. NMC should establish and implement internal control accounting policies and procedures to ensure that only properly approved and reviewed journal entries are recorded in the general ledger. These journal entries should be supported by a purchase order, a check voucher or check request form, a cancelled check, and a vendor invoice or receipt. | NMC | Open Active | The NMC Interim President stated that related policies and procedures discussed in the recommendation are already in place. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 3. NMC should adhere to established policies and procedures to ensure that all time sheets are completed and employment contracts are properly accounted for prior to disbursement. | NMC | Open Active | The NMC Interim President stated that NMC's present policies and procedures require submission of time sheets and Personnel Action (PA) prior to processing payroll disbursements. Even though employment contracts are not provided to NMC Finance Office, PA is processed simultaneously with the employment contract. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 4. NMC should establish and implement internal control policies and procedures to ensure that employees are paid at authorized and approved rates of pay or contractual amounts. | NMC | Open Active | The NMC Interim President stated that NMC's present control policies and procedures over payroll, which consist of approval, documentation requirement, and three-tiered review performed by NMC Human Resources Office, the Budget Office and President, supplemented by verifications of the Comptroller, ensure that employees are paid at authorized and approved rates of pay or contractual amounts. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 5. NMC should establish internal control policies and procedures to ensure that interfund transactions and | NMC | Open Active | According to the NMC Interim President, present policies and procedures on interfund transactions ensure posting of |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|----------------|---|
| journal entries are posted in a timely manner and that account balances are reconciled on a monthly basis. | | | transactions in a timely manner. Postings are at the date of drawdown request and related receipt of funds from federal grantor. Since drawdowns are based on statement of actual expenditures as of date of request, award amount and fund disbursements are being reconciled at the date of drawdown requests. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 6. NMC should reconcile and close all inactive accounts. | NMC | Open Active | NMC provided OPA with a copy of its letter requesting Bank of Guam to close NMC's inactive accounts. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 7. NMC should adhere to established procedures on periodic reconciliations of the general ledger control accounts as required by generally accepted accounting principles. | NMC | Open Active | According to the NMC Interim President, NMC's accounting system has a feature for resolving discrepancies between subsidiary and control accounts which can be done at any frequency desired, if required. NMC's present procedures require an expanded general ledger analysis of interfund accounts. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 8. NMC should ensure that capital fixed assets are properly accounted for in accordance with its capitalization policy. | NMC | Open Active | According to the NMC Interim President, existing NMC policies and procedures pertaining to disbursements for capital assets involve review of accuracy of codes charged, proper documentation, and authorization. Also, NMC Budget Office which is in charge of encumbrance processing is knowledgeable about NMC's capitalization policy. Budget Office encumbrance computer module places heavy emphasis on proper account classification as per approved budget. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|----------------|---|
| | | | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 9. NMC should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. | NMC | Open Active | NMC provided OPA with a copy of its adopted document checklist for the processing of documents. The Comptroller ensures consistency in the application of the document checklist during his document approval and pre-disbursement audit procedures. |
| | | | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 10. NMC should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments. | NMC | Open Active | The NMC Interim President stated that the Property and Procurement Management Office (PPMO) has implemented the "tangible assets tagging" procedures on acquired assets. The various departments now consistently conduct annual inventory, and the results are reviewed and reconciled by the PPMO with its master records. Also the property records maintained at the PPMO are reconciled with the Schedule of Fixed Assets. Any and all discrepancies are investigated and any required supported adjustments are made, approved, and entered into the system as appropriate. |
| | | | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 11. NMC should establish and implement internal control policies and procedures to properly account for all amounts received from and paid to the grantor agency. | NMC | Open Active | The NMC Interim President stated that all requests for drawdown must be entered into the system as a receivable from the Grantor Agency at the time the request is made. A copy of the drawdown request serves as the supporting document for the journal entry. Any funds received, as may be advised by the bank or as verified during periodic bank balance verification, shall |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | <p>be credited against this receivable account, properly identified. The bank reconciliation, which is done monthly, also serves as the final source of entry to accomplish the reconciliation.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| <p>12. NMC should establish and implement internal control policies and procedures for depositing cash to ensure that collections are deposited the next banking day and that validated deposit slips are attached to the cashier's report.</p> | NMC | Open Active | <p>The NMC Interim President stated that comprehensive internal controls and procedures are now in place for the security of cash and related items. Among others, collections are now deposited intact on the next business day, and validated deposit slips are attached to the cashier's reports which are reviewed and reconciled daily.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| <p>13. NMC should fully investigate the misappropriated funds to determine whether an error occurred or whether funds were embezzled.</p> | NMC | Open Active | <p>The NMC Interim President provided OPA with its adopted document checklist for the processing of documents which is consistently used during the Comptroller's document approval and pre-disbursement process. Also, NMC has comprehensive internal controls and procedures now in place for the security of cash and related items.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| <i>Federal Awards and Questioned Costs</i> | | | |
| <p>14. NMC should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented [Land Grant Research/CFDA #10.205].</p> | NMC | Open Active | <p>The NMC Interim President provided OPA with its adopted document checklist for the processing of Purchase Orders, Travel Authorizations, Check Requests and Travel Vouchers. A similar checklist has been implemented for student files and records relative to the Pell Grant.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | <p>Program.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 15. NMC should strictly enforce its travel policy [Land Grant Research/CFDA #10.205]. | NMC | Open Active | <p>The NMC Interim President stated that compliance with NMC's travel policies is now being strictly enforced and reviewed for effectiveness. Reviews required of the Comptroller during the document approval and pre-disbursement process doubly ensure compliance with related policies and procedures.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 16. NMC staff should comply with established procurement policies [Land Grant Research/CFDA #10.205]. | NMC | Open Active | <p>The NMC Interim President stated that compliance with the Procurement Regulations through a cursory review of documents by the Procurement Office now precedes the encumbrance/fund certification by the Budget Office. Documents that do not pass the cursory review of the Procurement Office cannot be processed further until procurement concerns raised are resolved satisfactorily.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 17. NMC should comply with established procedures requiring the numbering of purchase orders which should begin with a new series for the new fiscal year [Land Grant Research/CFDA #10.205]. | NMC | Open Active | <p>The NMC Interim President stated that the old Purchase Order numbering system which required the fiscal year as a prefix number has been changed to a simple sequential numbering system. All accountable forms are now pre-numbered, the issuance of which is monitored and/or accounted for through a document-log-in system that is maintained at the Finance Office as a document tracking system.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 18. NMC should file federal financial reports in a timely manner (annually within 90 days after the end of the fiscal year) and copies of these reports should be maintained [Land Grant Research/CFDA #10.205]. | NMC | Open Active (Outstanding since FY1993 Single Audit) | <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> <p>The NMC Interim President stated this compliance requirement is reiterated to all users of both the Grant Awards Payment System (GAPS) and the Disbursements Payment Management (DPM) system. The Federal Cash Transactions Report (SF-272) can be prepared quarterly in conjunction with the monthly financial statements prepared on a fund level as required by the Board of Regents policy. The user is also reminded of the annual report submission date.</p> |
| 19. NMC should establish and implement internal control policies and procedures to ensure that there is compliance with federal financial reporting requirements in a timely manner. The Federal Cash Transactions Report (SF-272) is to be prepared quarterly and submitted by the grantee no later than 15 days after the reporting period ends [Land Grant Research/CFDA #10.205]. | NMC | Open Active | <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> <p>The NMC Interim President stated this compliance requirement is reiterated to all users of both the Grant Awards Payment System (GAPS) and the Disbursements Payment Management (DPM) system. The Federal Cash Transactions Report (SF-272) can be prepared quarterly in conjunction with the monthly financial statements prepared on a fund level as required by the Board of Regents policy. The user is also reminded of the annual report submission date.</p> |
| 20. Internal control policies and procedures should be established to ensure that all disbursements are supported by vendor invoices and purchase orders with requisite approval, and are filed in a manner to facilitate easy file retrieval [Land | NMC | Open Active | <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> <p>The NMC Interim President stated that documents are reviewed by the Procurement Office for compliance with the procurement regulations prior to encumbrance and fund certification by the Budget Office. All accountable forms are also sequentially pre-numbered</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| Grant Extension/CFDA #10.205]. | | | and are monitored and/or documented through a document-log-in system that is maintained at the Finance Office as a document tracking system. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 21. NMC should establish and implement internal control policies and procedures to ensure that federal financial reports are filed in a timely manner, and copies of these reports should be maintained [Land Grant Extension/CFDA #10.205]. | NMC | Open Active | The NMC Interim President stated this compliance requirement is reiterated to all users of both the Grant Awards Payment System (GAPS) and the Disbursements Payment Management (DPM) system. The Federal Cash Transactions Report (SF-272) can be prepared quarterly in conjunction with the monthly financial statements prepared on a fund level as required by the Board of Regents policy. The user is also reminded of the annual report submission date. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 22. NMC should establish internal control policies and procedures over procurement and disbursement to ensure that all transactions are properly documented [Upward Bound/CFDA #84.047A]. | NMC | Open Active | The NMC Interim President stated that documents are reviewed by the Procurement Office for compliance with the procurement regulations prior to encumbrance and fund certification by the Budget Office. All accountable forms are also sequentially pre-numbered and are monitored and/or documented through a document-log-in system that is maintained at the Finance Office as a document tracking system. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 23. NMC 's Upward Bound staff should ensure that the checklists in the files are maintained, and that all the required documents supporting | NMC | Open Active | The NMC Interim President informed OPA that a document checklist system was also implemented on the Upward Bound Regular Project Proposal. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| eligibility are in the respective student files [Upward Bound/CFDA #84.047A]. | | | <p>Missing documents are continuously being requested from students and all documents requested and received are filed securely.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 24. The respective Upward Bound Programs, NMC and an off-island Community College, should adhere to the plan set forth in the Upward Bound Regular Project Proposal for the period 1995-1999 and as required by the Grant Award Notification dated April 15, 1998 [Upward Bound/CFDA #84.047A]. | NMC | Open Active | <p>The NMC Interim President stated that the Upward Bound Project Director has been consulted regarding a more timely reporting in accordance with the Upward Bound Regular Project Proposal and Plan of Operation for the period 1995 - 1999. All requests for reimbursement by the sub-recipient will not be processed unless they comply with the document checklist as well as with the program's proposal and plan of operation.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 25. NMC should ensure that the Memorandum of Agreement is executed and signed by the Grantee and the Sub-recipient [Upward Bound/CFDA #84.047A]. | NMC | Closed | <p>The NMC Interim President stated that a copy of the duly signed Memorandum of Agreement for the project period which has been located will be furnished to the auditors who are also contracted to perform the Single Audit for fiscal year ending 9/30/00.</p> <p>In his letter dated 9/23/02, the Independent Auditor informed OPA that NMC provided them a copy of the signed Memorandum of Agreement between the Grantee and the sub-recipient covering September 1, 1999 to August 31, 2003 during the compliance audit for fiscal year 2000. Thus, the Independent Auditor determined that this recommendation is now considered closed.</p> |
| 26. NMC should adhere to student eligibility requirements pursuant to 34 CFR 668.32 and 34 CFR 690.75 | NMC | Open Active | <p>The NMC Interim President stated that a document checklist has been implemented for student files and records</p> |

Northern Mariana Islands Retirement Fund

**I. Report No. AR-01-01 issued January 30, 2001
 Audit and Investigation of Health Insurance
 Payments to a Physical Therapy Clinic For Physical Therapy Services
 June 1993 to December 1999**

Date(s) of followup letter(s) sent : 8/21/01, 3/5/02, 8/9/02

Date(s) of response letter(s) received : 10/4/01 (NMIRF letter of request for extension to respond until 11/3/01)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|------------------------|--|
| <p>2. The Administrator should instruct the Group Health and Life Insurance Branch (GHLIB) Manager to prepare written guidelines for the review and processing of claims. The guidelines should include specific documentation requirements to justify claims for patients who have been undergoing extended medical treatments.</p> | NMIRF | Resolved Delinquent | <p>The former Deputy Administrator responded that written operating procedures for processing of medical claims have been drafted to address inadequacies of existing practices.</p> <p><i>Further Actions Needed</i></p> <p>The NMIRF should include in the written operating procedures the following: (1) submission of original referral letters from a physician, (2) submission of health insurance claim forms duly signed by patients, and (3) submission of periodic treatment and evaluation reports by physicians to justify extended medical treatment.</p> <p>In addition, NMIRF should prepare a documentation checklist form to ensure that all requirements are completed before claims are processed. To close this recommendation, NMIRF should provide a copy of the final approved version of the written operating procedures to OPA.</p> |
| <p>3. The Administrator should adopt measures to improve internal controls over the processing and payment of health insurance claims as follows: (a) qualification requirements for the position of claims examiner should be improved by requiring sufficient training and</p> | NMIRF | Open Delinquent | <p>The former Deputy Administrator's response did not contain any specific plan of action to address this recommendation.</p> <p><i>Further Action Needed</i></p> <p>NMIRF should implement the recommendation.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>experience in the medical field, (b) supporting claim documents should be marked paid after completion of check processing to prevent duplicate payments, (c) for proper segregation of duties, signed checks for distribution to vendors should be mailed directly or distributed by the administrative assistant without being returned to persons who have access to accounting and payment records, and (d) written filing procedures should be prepared to control and monitor the locations of accounting records and claim documents.</p> | | | |

**2. Report No. LT-01-04 issued August 8, 2001
Northern Mariana Islands Retirement Fund
Audit of Travel Outside the CNMI
from October 1996 Through March 2000**

Date(s) of followup letter(s) sent : 3/5/02, 8/9/02
Date(s) of response letter(s) received :

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|------------------------|--|
| <p>The Fund Administrator should take the following steps:</p> | | | |
| <p>2. Consistently enforce sanctions or others remedies for travel violations. Travelers with unliquidated advances should be denied additional travel advances; payroll deductions should be immediately implemented for travelers who fail to submit the required travel documents on time; and board members, especially those who are not government employees, should be required to immediately repay outstanding travel advances.</p> | NMIRF | Resolved Delinquent | <p>NMIRF agreed with the recommendation and stated that erroneous and unnecessary travel reimbursements must be collected. The BOT will work with the Administrator towards identifying the travel violations and collecting from the travelers who owe the Fund.</p> <p><i>Further Actions Needed</i></p> <p>NMIRF is requested to provide the expected date when the scheduled overpayments will be collected.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|------------------------|--|
| <p>3. Disallow the practice of using corporate credit cards for payment of hotel and car rentals. Corporate credit cards should be used to guarantee hotel and car reservations only, when and if required by vendors. In addition, a strict credit card policy should be adopted to limit the use of corporate credit cards.</p> | NMIRF | Resolved Delinquent | <p>NMIRF agreed with the recommendations. It stated that the use of the credit cards by members of the BOT and the staff should be banned, except for one to be held by the Administrator for use in making hotel and car reservations.</p> <p><i>Further Actions Needed</i></p> <p>NMIRF should provide OPA a copy of the written policies and procedures restricting the use of the corporate credit card.</p> |

**3. Report No. LT-01-05 issued August 15, 2001
Audit of Billings for a Professional Services Contract
During the Period October 1, 1996 Through February 29, 2000**

Date(s) of followup letter(s) sent : 1/7/02, 3/5/02, 8/9/02, 9/6/02

Date(s) of response letter(s) received : 3/13/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|------------------------|---|
| <p>The Fund Administrator should instruct the Accounting Manager to:</p> | | | |
| <p>1. Formally notify the contractor of the overpayment disclosed by our audit, and make arrangements to recover the overpayment.</p> | NMIRF | Resolved Delinquent | <p>NMIRF officials advised OPA that NMIRF had paid the contractor \$9,697.45 on July 17, 2001 for what it considered its final payment, after making adjustments for billing errors that OPA had identified during the audit. On January 7, 2002, however, OPA determined that the contractor was still overpaid by NMIRF in the amount of \$2,268.24 which consists of (1) double billing of \$991.65; (2) overstatements of \$893.22; and (3) error charges of \$383.37. OPA advised NMIRF to collect the overpayment from the contractor unless documents can be provided to explain the reasons for the overpayment enumerated.</p> |

**4. 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, 2000**

Date(s) of followup letter(s) sent : 3/5/02, 8/9/02

Date(s) of response letter(s) received : 3/18/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|------------------------|--|
| 1. NMIRF staff should perform monthly reconciliations of subsidiary ledgers to the general ledger balances. | NMIRF | Resolved Delinquent | In her 3/18/02 response, the Accounting Branch Manager informed OPA that NMIRF has been tackling the problem of performing monthly reconciliation of subsidiary ledgers to the general ledger balance for the past few years. However, due to shortage in staffing NMIRF finds it hard to keep the monthly reconciliation current. OPA was provided copy of a subsidiary ledger with its corresponding general ledger balance. Other actions taken were to hire a comptroller and qualified accountants. |
| 2. NMIRF should make efforts to bring its accounts receivable balances current. The NMIRF should consider charging interest on overdue accounts receivable. | NMIRF | Closed | In her 3/18/02 response, the Accounting Branch Manager provided OPA with a copy of the Memorandum of Agreement with the CNMI government relating to the receivables. The agreement provides the manner in which the CNMI government will pay its obligations to NMIRF, which is sufficient to address the recommendation. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| or educational activity and include such definition in its policy manual. | | | educational purpose and educational activity are clearly defined. |

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

Date(s) of followup letter(s) sent : 11/26/99, 7/11/00, 1/15/01, 8/20/01, 3/11/02, 8/12/02
Date(s) of response letter(s) received : 2/16/01 (request for extension until 3/5/01)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---|------------------------|---|
| 2. The Commissioner should require the former principal and/or WSR school fund treasurer in SY 1994 to 1995 to reimburse the fund the amount of \$10,959.65 for which they are 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 from the former custodians. Once the amount is collected, a copy of the official receipt evidencing the collection should be provided to OPA. |
| 4. The 50 th Golden Jubilee executive committee should collect the outstanding receivables of \$1,163, representing t-shirts and 50 th Golden Jubilee souvenir items sold on account, and should pay the suppliers of these items the amounts the committee still owes. | WSR 50 th Golden Jubilee Executive Committee | Open Delinquent | The President should provide copies of the (1) official receipts representing collections from the outstanding receivables, and (2) checks representing payment to the suppliers of the t-shirts and WSR souvenir items. |

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

Date(s) of followup letter(s) sent : 1/15/01, 8/20/01, 3/11/02, 8/12/02

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

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|------------------------|--|
| 1. The Commissioner of Education should enforce compliance with the CNMI property management and accountability policy without exception. The Commissioner should ensure that a physical inventory of the fixed assets of PSS is taken annually, and inventories should be reconciled against recorded balances. | PSS | Resolved Delinquent | PSS will comply with the recommendation. It will maintain subsidiary ledgers for all schools (public and private), and a master list will be kept by the Procurement Office. PSS will also reconcile the inventory taken with the master list and any discrepancy will be reported to the school principals and program managers. Additionally, PSS has conducted an annual inventory for FY 2000 for all schools. <i>Further Action Needed</i> PSS should provide OPA a copy of the reconciliation of the inventory with the master list. |
| 2. The Commissioner of Education should direct the PSS Procurement Officer to develop additional policies and procedures suitable to the needs and requirements of PSS operations. These policies and procedures should include, among other things, a system of accountability in which the Principal or Program Head is made responsible for all property issued to the facility. In addition, the system of tagging and marking items needs to be improved in order to insure that all property is identified and accounted for. | PSS | Open Delinquent | No action has been taken to address the recommendation. PSS should consider and implement the recommendation. |
| 3. The Commissioner of Education should direct the PSS Maintenance Office to install additional security (e.g., deadbolt locks and security cameras or other security measures as needed and practical) at all PSS | PSS | Open Delinquent | No action has been taken to address the recommendation. PSS should consider and implement the recommendation. |

schools.

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

Date(s) of followup letter(s) sent : 1/15/01 (PSS), 1/19/01 (DOF), 8/20/01 (PSS), 3/11/02 (PSS), 8/12/02 (PSS)

Date(s) of response letter(s) received : 2/16/01 (PSS request for extension until 3/5/01), 2/16/01(DOF), 5/24/02 (PSS)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|-------------------------------|------------------------|--|
| <p>1. The Commissioner of Education issue a directive immediately disallowing the use of the Trust Fund to pay the vendors of the Food Court. If PSS wants to continue with the operation of the Food Court, it should use other funds for that purpose or seek to have the Pachinko Law amended to authorize continued use of the Trust Fund for the operation of the Food Court.</p> | PSS | Closed | <p>In a letter dated 3/26/02, the PSS Commissioner of Education informed OPA that the use of the Trust Fund to pay vendors of the Food Court ceased September 2000. PSS also provided OPA with a copy of the Trust Fund ledger showing that the last activity of the fund was in May 2000. The document provided was sufficient to consider this recommendation closed.</p> |
| <p>2. <i>Original:</i> The Secretary of Finance recover from PSS the \$369,866 that was paid from the Trust Fund for the operation of the MHS Food Court. Repayment can be made by offsetting this unlawful payment against future fund allocations for PSS. Any repayment from PSS should be restored to the Trust Fund for possible re-appropriation.</p> <p><i>As Redirected to PSS:</i> The PSS Commissioner should take steps to reserve the funds on their books for the Trust Fund and ensure their use for the proper purpose.</p> | DOF - Redirected to PSS | Resolved Delinquent | <p>In her 2/16/01 response, the Secretary of Finance asked that this recommendation be redirected to PSS because the funds in question were already transferred to PSS by DOF when the alleged inappropriate expenditure occurred. It is the opinion of DOF that since the funds were properly received, PSS should just reserve the funds for their proper purpose rather than DOF withholding current appropriations only to retransfer the funds at a later date.</p> <p><i>Further Action Needed</i></p> <p>The PSS Commissioner should provide documentation that the \$369,866 has been reserved on its books.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------------------|--|
| <p>4. The Commissioner of Education issue a memorandum instructing the MHS Principal to stop using the proceeds from the sale of reduced-price meals to pay for non-Food Court expenses. These collections should be used only to pay obligations of the Food Court.</p> | PSS | Open Delinquent | <p>The Commissioner stated that profits from the MHS Food Court were used in accordance with BOE policy and that funds have not been used for fundraising until payment to vendors had been made.</p> <p>Profits from the MHS Food Court were not used in accordance with BOE policy. Since the Trust Fund should not have been used for the MHS Food Court, only those proceeds from the sale of reduced-price meals appear to be a legitimate source of funds for the MHS Food Court. Since the amount collected from paying students is not enough to cover the actual cost of the meals, all collections from the students should have been dedicated solely to the payment of Food Court obligations (instead of using these collections for non-Food Court expenses).</p> <p><i>Further Action Needed</i></p> <p>The Commissioner of Education should reconsider her position on this matter. Accordingly, the Commissioner should issue a memorandum instructing the MHS Principal to stop using the proceeds from the sale of reduced-price meals to pay for non-Food Court expenses. These collections should be used to pay obligations of the Food Court.</p> |

**6. Public School System
Independent Auditor's Report on Internal Control and on Compliance
Year Ended September 30, 1999**

Date(s) of followup letter(s) sent : 3/11/02, 8/12/02, 9/18/02 (Independent Auditor re: PSS response),
9/30/02 (PSS re: Independent Auditor response)

Date(s) of response letter(s) received : 5/24/02, 9/23/02 (Independent Auditor)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|---|---|
| <i>Fixed Asset</i> | | | |
| 1. PSS should conduct physical inventories at all locations to identify items that have been previously recorded as expenditures. PSS should apply its capitalization policy in determining inclusions of equipment in the fixed asset detailed subsidiary ledger. Physical count should be agreed to the detailed subsidiary record and the necessary adjustments made to adjust to actual. | PSS | Open Active (Outstanding since FY1989 Single Audit) | PSS is working to establish a fixed account group. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| <i>Beginning Balance</i> | | | |
| 2. PSS should post roll-forward balances at the beginning of each fiscal year. | PSS | Open Active | Under PSS's new JDE system, it has an "inception cumulative and period of reporting to include prior year ending balances." Balances at the end roll over at the beginning of the new fiscal year. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| <i>Payroll Liabilities</i> | | | |
| 3. PSS should ensure that the deficiency in the current financial management system in regard to payroll liabilities is corrected in order to credit all payroll liabilities account for the amount of liabilities arising from payroll disbursement process. PSS should also ensure that the software is properly and | PSS | Closed | PSS agreed with this finding, and the deficiency was subsequently corrected in the FY 2000 Single Audit. In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with in the FY 2000 Single Audit. The software was properly utilized such that the |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------|---|
| effectively utilized and that the supporting details are reconciled to the general ledger on a regular basis. | | | supporting details are now reconciled to the general ledger. Thus, the Independent Auditor determined that this recommendation is now considered closed. |
| <i>Purchases/Disbursements</i> | | | |
| 4. PSS should adhere to established policies and procedures to ensure that all employment contracts are complete and properly accounted for. | PSS | Closed | PSS provided OPA with a copy of the interoffice memorandum from the Assistant Human Resources Officer to the Human Resources Team regarding the implementation of an employee file checklist to ensure compliance with PSS policies and procedures. OPA was provided a copy of the implemented employee file checklist. In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. PSS was able to provide the Notification of Personnel Actions and employment contracts of the payroll-related disbursements. The pay rates of the identified employees agreed with the employment contracts. Thus, the Independent Auditor determined that this recommendation is now considered closed. |
| 5. PSS should adhere to prescribed policies and procedures to ensure that employment contracts are complete and kept on file. | PSS | Closed | PSS provided OPA with a copy of the interoffice memorandum from the Assistant Human Resources Officer to the Human Resources Team regarding the implementation of an employee file checklist to ensure compliance with PSS policies and procedures. OPA was provided a copy of the implemented employee file checklist. In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. PSS was able to provide the Notification of Personnel Actions and employment contracts of the payroll-related disbursements. The pay rates of the identified employees agreed with the employment contracts. Thus, the |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|----------------|---|
| Independent Auditor determined that this recommendation is now considered closed. | | | |
| <i>Payroll Advances</i> | | | |
| 6. PSS should establish written internal control policies and procedures over payroll advances. | PSS | Open Active | PSS informed OPA that payroll advances are now being discouraged. Enhanced efforts will be made in collecting payroll advances. |
| <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> | | | |
| <i>Advances to Vendors</i> | | | |
| 7. PSS should establish internal control policies and procedures over procurement and disbursements. An order log should be maintained and reviewed periodically to follow-up on undelivered orders. | PSS | Open Active | PSS informed OPA that enhanced efforts will be made to ensure goods are received as evidenced by the signature of the individual recipient. An order log book is to be maintained either at the accounting or procurement office. A review of the outstanding advances will be made before a request for another advance to the same vendor is granted. |
| <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> | | | |
| <i>Travel Advances</i> | | | |
| 8. PSS should adhere to established procedures to ensure that the general ledger is reconciled to the travel advances subsidiary ledger on a monthly basis. | PSS | Closed | Under PSS's new JDE system, the travel advances general ledger was reconciled with the subsidiary ledgers. |
| In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. The balance per subsidiary ledger of the travel advance account reconciles with the balance per general ledger. Thus, the Independent Auditor determined that this recommendation is now considered closed. | | | |
| 9. PSS should strictly enforce its | PSS | Open | PSS concurs with the recommendation. PSS |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|----------------|--|
| 14. The State Educational Agency should enforce existing internal policies and procedures and comply with the requirements of the State Plan [Special Education/CFDA #84.027]. | PSS | Open Active | PSS informed OPA that site visits will be conducted to review the IEPs on a cyclical basis. Two schools per month will be reviewed. The selection of the schools will be determined by the data clerk. Consideration as to the size and number of students per school will determine the review schedule. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 15. The Special Education Program should comply with the requirements of the CNMI State Plan and federal regulations by signing MOU's with appropriate agencies [Special Education/CFDA #84.027]. | PSS | Open Active | PSS informed OPA that the CNMI Eligibility Document (formerly referred to as the State Plan) was submitted to the US Office of Special Education in June 2002 for review and approval. All required interagency agreements as stipulated in the Eligibility Document and Procedure Manual will be developed and implemented. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 16. The Special Education Program and the Special Education State Advisory Panel should comply with the requirements set forth in the CNMI State Plan and federal regulations [Special Education/CFDA #84.027]. | PSS | Open Active | PSS informed OPA that a Biennial Performance Report was submitted to the Secretary of the Office of Special Education on 4/24/00. PSS submitted its second Biennial Performance Report in June 2001. Annual Data Counts taken on December 1 of each year are submitted to OSEP as per the required timelines. SESAP will prepare a report of unmet needs and submit the report to the Commissioner of Education and the Coordinator of Special Education by October 2002. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 17. PSS should collaborate with DCCA in developing day care licensing regulations for the CNMI and there should be a signed Memorandum of | PSS | Closed | PSS did not respond specifically to this recommendation. In his letter dated 9/23/02, the Independent |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| <p>Understanding between the two agencies. Additionally, PSS should develop and enforce an internal monitoring program that encompasses periodic visits to licensed day care facilities that are providing childcare to children whose parents are receiving childcare certificates [Childcare & Development Block Grant/CFDA #93.575].</p> | | | <p>Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. The Child Care and Development Block Grant program of PSS ensures that all providers are licensed before the Business Office issues a purchase order for payment of day care services. Thus, the Independent Auditor determined that this recommendation is now considered closed.</p> |
| <p>18. PSS should establish stringent policies and controls to ensure that all children in the Head Start Program receive timely and complete medical and dental evaluations as required by 45 CFR §1304.3-3 and the CNMI Head Start General Health Services Written Plan, FY 1998-99. Furthermore, PSS should develop policies and monitoring procedures to ensure that all of the necessary documentation is received before a child is enrolled in the Head Start Program [Head Start Program/CFDA #93.600].</p> | PSS | Open Active | <p>PSS provided OPA with a copy of the memorandum dated 4/1/02 to the Acting Commissioner Curriculum Instruction Association (ACCIA) regarding compliance with eligibility and administrative regulations under the Headstart program. The ACCIA was instructed to develop a checklist to include specific required documents and information and to monitor, review and update students under the program annually.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| <p>19. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval [Consolidated Grant to Insular Areas/CFDA #84.998].</p> | PSS | Closed | <p>PSS informed OPA that the documents were submitted and were re-examined by the auditor for the FY 2000 Single Audit.</p> <p>In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. PSS provided the supporting documents for the identified disbursements during the FY 2000 audit. Thus, the Independent Auditor determined that this recommendation is now considered closed.</p> |
| <p>20. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order,</p> | PSS | Closed | <p>PSS informed OPA that the documents were submitted and were re-examined by the auditor for the FY 2000 Single Audit.</p> <p>In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval [Special Education/CFDA #84.027]. | PSS | Closed | with as of the FY 2000 Single Audit. PSS provided the documents supporting the identified disbursements during the FY 2000 audit and noted no exception on the examination of the documents. Thus, the Independent Auditor determined that this recommendation is now considered closed. |
| 21. PSS should develop written policies, procedures, and internal controls that delineate a mechanism for tracking and following-up incomplete prepaid orders and professional services retainers. Management oversight of prepaid purchase orders and professional services retainers should be diligent and strict accountability maintained [Special Education/CFDA #84.027]. | PSS | Closed | PSS informed OPA that the documents were submitted and were re-examined by the auditor for the FY 2000 Single Audit. In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. PSS provided the documents supporting the identified disbursements during the FY 2000 audit and noted no exception on the examination of the documents. Thus, the Independent Auditor determined that this recommendation is now considered closed. |
| 22. PSS's travel policy should be strictly enforced and all Travel Advances that are not liquidated within 15 days should be investigated immediately [Head Start Program/CFDA #93.600]. | PSS | Open Active | PSS informed OPA that the documents were submitted and were re-examined by the internal auditor for the FY2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 23. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval. Management should perform the periodic internal review to ensure the system is operating as intended [Head Start Program/CFDA #93.600]. | PSS | Closed | PSS informed OPA that the documents were submitted and were re-examined by the auditor for the FY 2000 Single Audit. In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently corrected as of the FY 2000 Single Audit. PSS provided the supporting documents for each of the identified disbursements during the FY 2000 audit and noted no exception on the examination of the documents. Thus, the Independent Auditor determined that this recommendation is now considered closed. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------|--|
| 24. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented [Childcare Development Block Grant/CFDA #93.575]. | PSS | Closed | <p>PSS informed OPA that the documents were submitted and were re-examined by the auditor for the FY 2000 Single Audit.</p> <p>In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. PSS provided the supporting documents for each of the identified disbursements during the FY 2000 audit and noted no exception on the examination of the documents. Thus, the Independent Auditor determined that this recommendation is now considered closed.</p> |

Federal Financial Reports

| | | | |
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| 25. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval [Nutrition Assistance Grant/CFDA #10.055]. | PSS | Closed | <p>PSS informed OPA that the documents were submitted and were re-examined by the auditor for the FY 2000 Single Audit.</p> <p>In his letter dated 9/23/02, the Independent Auditor informed OPA that this recommendation was subsequently complied with as of the FY 2000 Single Audit. PSS provided the supporting documents for each of the identified disbursements during the FY 2000 audit and noted no exception on the examination of the documents. Thus, the Independent Auditor determined that this recommendation is now considered closed.</p> |
|--|-----|--------|--|

Reporting

| | | | |
|---|-----|---|--|
| 26. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Consolidated Grant to Insular Areas/CFDA #84.998]. | PSS | Open Active (Outstanding since FY1998 Single Audit) | <p>PSS informed OPA that this recommendation is being corrected in the Fiscal Year 2000 Single Audit.</p> <p><i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i></p> |
| 27. PSS should prepare and retain all required federal financial reports [Handicapped State Grant/CFDA #84.021]. | PSS | Open Active (Outstanding since FY1996 Single Audit) | <p>PSS informed OPA that this recommendation is being corrected in the Fiscal Year 2000 Single Audit.</p> <p><i>Status of recommendation will remain unchanged pending determination from the</i></p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| 28. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Nutrition Assistance Grant/CFDA #10.555]. | PSS | Open Active (Outstanding since FY1995 Single Audit) | <i>Independent Auditor that the recommendation was addressed.</i> PSS informed OPA that this recommendation is being corrected in the Fiscal Year 2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| Federal Financial Reports | | | |
| 29. PSS should reconcile records for all amounts reported to the grantor agency [Handicapped State Grant/CFDA #84.021]. | PSS | Open Active | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> PSS informed OPA that efforts are being made to ensure that the general ledger reports with expenditure amounts are attached to the draft financial report. This was corrected in the Fiscal Year 2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| Reporting | | | |
| 30. PSS should adhere to reporting deadlines. Additionally, transfers between orgs within the same grant should be minimized and when considered appropriate, be performed in a timely manner [Head Start Program/CFDA #93.600]. | PSS | Open Active (Outstanding since FY1995 Single Audit) | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> PSS informed OPA that enhanced efforts are being made to submit the financial report twice a year in a timely manner. Reports are now prepared by the Federal Program Office with the Fiscal Office. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 31. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Head Start Program/CFDA #93.600]. | PSS | Open Active | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> PSS informed OPA that enhanced efforts are being made to ensure that the general ledger reports with expenditure amounts are attached to the draft financial report. This recommendation is being corrected in the Fiscal Year 2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| | | | <i>recommendation was addressed.</i> |
| 32. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Head Start Program/CFDA #93.600]. | PSS | Open Active | PSS informed OPA that enhanced efforts are being made to ensure that the general ledger reports with expenditure amounts are attached to the draft financial report. This recommendation is being complied with in Fiscal Year 2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| 33. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Childcare and Development Block Grant/CFDA #93.575]. | PSS | Open Active (Outstanding since FY1998 Single Audit) | PSS informed OPA that enhanced efforts are being made to ensure that the general ledger reports with expenditure amounts are attached to the draft financial report. This recommendation is being complied with in Fiscal Year 2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| Federal Financial Reports | | | |
| 34. PSS should adhere to schedule of federal reporting deadlines. The Federal Cash Transaction Report (PMS-272) is to be prepared quarterly which is due 45 days after the reporting period end. [Childcare and Development Block Grant/CFDA #93.575]. | PSS | Open Active | PSS informed OPA that the submission of the report was late due to unavailable form on the internet. Enhanced efforts will be made to submit PYS-272 on or before the due date. This recommendation was complied with in Fiscal Year 2000 Single Audit. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| Reporting | | | |
| 35. PSS should maintain and adhere to a schedule of reporting deadlines. The Financial Report ACF-696 is required to be submitted quarterly in lieu of SF-269 and is due within 30 days after the end of the quarter. | PSS | Open Active | PSS informed OPA that enhanced efforts are being made to submit financial report in a timely manner. This recommendation was complied with in Fiscal Year 2000 Single Audit. |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
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| [Childcare and Development Block Grant/CFDA #93.575]. | | | <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |
| Property and Equipment | | | |
| 36. PSS should establish appropriate accounting policies and procedures for fixed assets [All Federal Grants]. | PSS | Resolved Active (Outstanding since FY1989 Single Audit) | PSS informed OPA that it is working on establishing a general fixed asset account group. <i>Status of recommendation will remain unchanged pending determination from the Independent Auditor that the recommendation was addressed.</i> |

Tinian Casino Gaming Control Commission

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

Date(s) of followup letter(s) sent : 1/5/00 (AGO), 7/12/00 (AGO), 1/17/01 (AGO), 8/21/01 (AGO), 8/12/02 (AGO), 10/3/02 (AGO)

Date(s) of response letter(s) received : 4/9/99 (TMO), 1/20/00 (AGO), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO), 12/31/01, 2/12/02 (meeting with AGO)

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|--------------------------------|---|
| <p>1. <i>As Redirected to AGO</i> - Institute legal action to declare the Consulting Service Agreement between TCGCC and the consultant null and void, and to recover all amounts paid by TCGCC to the consultant and the consultant's son.</p> <p><i>Original</i> - The Mayor of Tinian and Aguiguan should request the Attorney General to institute an action to declare the Consulting Service Agreement between TCGCC and the consultant null and void, and to recover all amounts paid by TCGCC to the consultant and the consultant's son.</p> | <p>AGO</p> | <p>Resolved Delinquent</p> | <p>In his 3/9/01 response, the Acting Attorney General informed OPA that there is an ongoing investigation related to the facts and circumstances of this matter.</p> <p>On December 31, 2001, civil action was filed against the consultant to recover overpayment of \$543,375 on grounds of unjust enrichment, conversion, fraud and breach of fiduciary duty. Civil action was also filed against three other individuals to recover \$195,971 for breach of fiduciary trust. Recoverable amounts totaled \$739,346.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring specific actions to be taken by AGO.</p> <p><i>Further Action Needed</i></p> <p>AGO should provide OPA an update on the status of the ongoing investigation.</p> |

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Washington Representative's Office

Washington Representative's Office

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

Date(s) of followup letter(s) sent : 11/29/99, 7/11/00, 1/24/01, 8/22/01, 3/4/02, 8/9/02

Date(s) of response letter(s) received : 10/6/99, 9/25/01, 3/20/02, 8/12/02, 8/21/02

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|--|---------------|--------|---|
| <p>7. The Washington Representative should issue a directive requiring WRO employees receiving housing allowance to provide WRO with documents (e.g., copy of lease agreement) demonstrating the actual cost of housing, and informing employees that they will be reimbursed only for actual housing costs not exceeding the maximum amount established by WRO.</p> | WRO | Closed | <p>In his 3/20/02 response, the Resident Representative informed OPA that his staff will conduct a thorough analysis of housing costs and related expenses which he expect to be completed by the end of April. Therefore, until the analysis has been completed, he will not be able to fully respond to this recommendation.</p> <p>In his response dated 8/21/02, the Resident Representative provided OPA with an analysis of WRO employees' housing allowance to justify why WRO employees should not be reimbursed only for actual housing costs below the maximum amount as the audit suggests. In the analysis, the Resident Representative examined housing costs, the costs of transportation to and from work, commuting times and salaries for WRO employees as compared to employees in the Saipan office. According to the Resident Representative, the analysis indicates that the current housing allowance is insufficient and in fact should be increased.</p> <p>OPA determined that WRO's housing allowance analysis requires further review and legal research. Thus, OPA decided to close this recommendation and address it in a separate ongoing audit of the WRO's selected expenditures and administrative practices covering fiscal years 1998 and 1999.</p> |

| Recommendation | Agency to Act | Status | Agency Response/ Additional Information or Action Required |
|---|---------------|--------------------|--|
| <p>15. The Washington Representative should continue his efforts to collect the outstanding loans until such time as he is assured that any further collection efforts would be futile. At that time, the loan documentation should be turned over to the Department of Finance in Saipan for further action. If the obligations are collected, the amount should be returned to the CNMI General Fund.</p> | WRO | Resolved Active | <p>In the 9/25/01 response from WRO, it was stated that the \$2,200 loan was fully paid. OPA was provided copies of the official cash receipt and a check for \$50.25 evidencing final payment representing the balance on the employee loan of \$2,200. This portion of the recommendation pertaining to the \$2,200 employee loan is considered closed.</p> <p>For the \$2,500 loan, the former Resident Representative has entered into an agreement with DOF to make monthly payments in the amount of \$100. The Resident Representative has made three payments totaling \$300 leaving a balance still collectible of \$2,200. OPA was provided copies of the official receipts and checks evidencing payments made of \$300 and a copy of the promissory note for the \$2,500 loan.</p> <p>In his 3/20/02 response, the current Resident Representative sought the advice of OPA on how to go about collecting the loan made by the former Resident Representative.</p> <p>In his 8/12/02 response, the Resident Representative suggested that OPA redirect the recommendation to DOF as his office is not involved in the repayment of the loan. On 8/28/02, OPA issued a letter to the Secretary of Finance requesting the current status of the loan receivable. Upon receipt of the loan status, OPA will then determine whether to redirect the recommendation to DOF.</p> |

APPENDIX A

Acronyms Used

| | |
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| ACCIA | Acting Commissioner Curriculum Instruction Association |
| AGO | Office of the Attorney General |
| AR | Audit Report |
| AWOL | Absence Without Leave |
| BMV | Bureau of Motor Vehicles |
| BOE | Board of Education |
| BOELEC | Board of Election |
| BOT | Board of Trustees |
| BPL | Board of Public Lands |
| CAO | Carolinian Affairs Office |
| CDA | Commonwealth Development Authority |
| CFA | Confidential Fund Advance |
| CFDA | Catalog of Federal Domestic Assistance |
| CFR | Code of Federal Regulations |
| CGECU | Commonwealth Government Employees Credit Union |
| CHC | Commonwealth Health Center |
| CIF | Confidential Informant Fund |
| CIP | Capital Improvement Projects |
| CJIS | Criminal Justice Information System |
| CMC | Commonwealth Code |
| CNMI | Commonwealth of the Northern Mariana Islands |
| CPA | Commonwealth Ports Authority |
| CSC | Civil Service Commission |
| CUC | Commonwealth Utilities Corporation |
| DCCA | Department of Community and Cultural Affairs |
| DDC | Developmental Disabilities Council |
| DFW | Division of Fish and Wildlife |
| DLI | Department of Labor and Immigration |
| DLNR | Department of Lands & Natural Resources |
| DOC | Department of Commerce |
| DOF | Department of Finance |
| DOI | Department of the Interior |
| DPH | Department of Public Health |
| DPL | Division of Public Lands |
| DPM | Disbursements Payment Management |
| DPS | Department of Public Safety |
| DPW | Department of Public Works |
| EMO | Emergency Management Office |
| FASB | Financial Accounting Standards Board |
| FLSA | Fair Labor Standards Act |

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|--------------|--|
| FMS | Financial Management System |
| FTE | Full Time Employment |
| FY | Fiscal Year |
| GAPS | Grant Awards Payment System |
| GASB | Government Accounting Standards Board |
| GHLIB | Government Health and Life Insurance Branch |
| GHLITF | Government Health and Life Insurance Trust Fund |
| GL | General Ledger |
| GOV | Office of the Governor |
| HOUSEREP | House of Representatives |
| HUD | Housing and Urban Development |
| JDE (system) | J.D. Edwards (system) |
| LDC | Liberation Day Committee |
| LEG | Legislature |
| LEGBUREAU | Legislative Bureau |
| LIBCOUNCIL | Library Council |
| LT | Letter Report |
| MHS | Marianas High School |
| MOU | Memorandum of Understanding |
| MPLA | Marianas Public Lands Authority |
| MPLC | Marianas Public Land Corporation |
| MPLT | Marianas Public Land Trust |
| MVA | Marianas Visitors Authority |
| NIMO | Northern Islands Mayor's Office |
| NMC | Northern Marianas College |
| NMHC | Northern Marianas Housing Corporation |
| NMI-GHLITF | Northern Mariana Islands Government Health and Life Insurance Trust Fund |
| NMIRF | Northern Mariana Islands Retirement Fund |
| OMB | Office of Management and Budget |
| OPA | Office of the Public Auditor |
| OPL | Office of Public Lands |
| OPM | Office of Personnel Management |
| OR | Official Receipt |
| OSEP | Office of Special Education Program |
| PA | Personnel Action |
| P&S | Procurement & Supply |
| PDO | Public Defender's Office |
| PFA | Prostitution Fund Advance |
| PIEI | Pacific Islands Education Initiative |
| PO | Purchase Order |
| PPMO | Property and Procurement Management Office |
| PSSRJ | Personnel Service System Regulations Judiciary |
| PSSRR | Personnel Service System Rules and Regulations |
| PSS | Public School System |
| RFP | Request for Proposals |
| RHC | Rota Health Center |

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|-------|---|
| RMC | Rota Municipal Council |
| RMO | Rota Mayor's Office |
| SAA | Special Assistant for Administration |
| SESAP | Special Education State Advisory Panel |
| 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 |
| TMT | Tinian Municipal Treasurer |
| TSD | Technical Services Division |
| TV | Travel Voucher |
| US | United States |
| UTR | Unposted Transaction Reports |
| WCC | Workmen's Compensation Commission |
| WRO | Washington Representative's Office |
| WSR | William S. Reyes |

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