
Office of the Public Auditor
Commonwealth of the Northern Mariana Islands

Audit of Government Vehicles



OPA Report No.
22-02



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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August 2, 2022

David Atalig
Secretary
Department of Finance
P.O. Box 5234 CHRB
Saipan, MP 96950

Report on the Audit of Government Vehicles

Dear Secretary Atalig:

This report presents the Office of the Public Auditor's (OPA) audit on the Department of Finance (DOF), Division of Procurement Services' (PS) accountability of government vehicles. Our objective was to determine if:

1. DOF-PS is in compliance with Northern Mariana Islands Administrative Code (NMIAC) § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle;
2. Vehicle purchases on DOF-PS' Fixed Asset Master Information (FAMI) listing and government agency inventory listings accurately reflect vehicle purchases recorded in the general ledger (GL); and
3. Leased vehicles on DOF-PS and agency listings accurately reflect leased vehicles recorded in the GL.

Our audit offers a total of eight recommendations that encompasses the importance of accountability and oversight over government vehicles. The implementation of these recommendations will address the report findings.

We appreciate the response received from your office and look forward to your efforts towards addressing the findings and recommendations. The law requires OPA to report semi-annually on the audited entity's compliance with OPA's recommendations.

As required by law and the auditing standards, all reports by OPA are made public and can be found on OPA's website at www.opacnmi.com.

Sincerely,

Dora I. Deleon Guerrero, CPA
Temporary Public Auditor

Enclosure

Cc: Honorable Ralph DLG. Torres, Governor
Interagency Audit Coordinating Advisory Group

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Results in Brief

The Office of the Public Auditor (OPA) conducted an audit on the Department of Finance (DOF), Division of Procurement Services' (PS) accountability of government vehicles for the period of October 1, 2019 to November 12, 2021 to determine if:

1. DOF-PS is in compliance with Northern Mariana Islands Administrative Code (NMIAC) § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle;
2. Vehicle purchases on DOF-PS' Fixed Asset Master Information (FAMI) listing and government agency inventory listings accurately reflect vehicle purchases recorded in the general ledger (GL); and
3. Leased vehicles on DOF-PS and agency listings accurately reflect leased vehicles recorded in the GL.

To address the audit objectives, OPA requested for a complete listing of purchased and leased vehicles from DOF-PS and from government agencies to which the vehicles were assigned according to DOF-PS' vehicle listing. OPA reviewed procurement documents for vehicles on inventory listings for compliance with NMIAC § 70-30.3-315(b). Each vehicle was then traced to the GL by reviewing source documents maintained by DOF's Division of Financial Services and procurement information maintained by DOF-PS.

During the audit, OPA observed the following findings:

1. Documents were not provided for review or lacked sufficient information;
2. DOF-PS is not in compliance with NMIAC § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle;
3. Government vehicles were not accurately reflected on DOF-PS and government agency inventory listings; and
4. Procurement regulations lack provisions for vehicle rentals.

These findings indicate lack of accountability and insufficient oversight over government vehicles. In addition, documents are filed incomplete and improperly maintained.

Introduction

Objective

To determine the following:

- (1) if the Department of Finance (DOF), Division of Procurement Services (PS) is in compliance with Northern Mariana Islands Administrative Code (NMIAC) § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle;
- (2) if vehicle purchases on DOF-PS' Fixed Asset Master Information (FAMI) listing and government agency inventory listing accurately reflect vehicle purchases recorded in the general ledger (GL); and
- (3) if leased vehicles on DOF-PS and agency lists accurately reflect leased vehicles recorded in the GL.

Please see *APPENDIX 1* for the scope and methodology of the audit.

Background

In October 2018, the CNMI was devastated by Super Typhoon Yutu (Yutu). Yutu's destruction to businesses and critical infrastructure negatively affected the CNMI's tourism industry and revenue collections of the CNMI government. Yutu's adverse effects on the CNMI's economy was later compounded in March 2020 by the Covid-19 pandemic in which global travel was shut down in the U.S. and other countries. Further, starting in June 2019, the CNMI government had implemented austerity measures which included eight (8) hour pay cuts, then eventually 16 hour pay cuts in March 2020, and the furlough of government employees in February 2021.

Despite these events, according to the CNMI's unaudited financial records, the CNMI incurred expenditures related to government vehicles amounting to \$6,949,168.42 and \$3,702,296.77 for Fiscal Years 2021 and 2020, respectively. Between November 11, 2021 and December 28, 2021, OPA conducted an inventory survey of government vehicles and noted multiple discrepancies between various government agencies' vehicle inventory listings and DOF-PS' inventory listings of purchased and leased vehicles. Based on the results of the survey, OPA initiated an audit of DOF-PS' accountability of government vehicles.

Pursuant to 1 CMC § 2553(j), DOF-PS was created to assist the Secretary of Finance (SOF) in the execution of his/her statutory duty to be in control of and be responsible for procurement and supply in the Commonwealth. According to NMIAC § 70-30.3, DOF-PS is expected to exercise general oversight and control over the utilization of physical assets and other capital equipment as well as retain all procurement records for a period of five (5) years after the full delivery of goods or services under contract. Specific to leasing and purchasing of vehicles, NMIAC § 70-30.3-315(b) states, "[a]gencies shall consider whether to lease or purchase vehicles based on a

case-by-case evaluation of comparative costs and other factors. The following factors are the minimum that shall be considered, and a record reflecting the application of these factors shall be provided in a form prescribed by the Director and shall be included in the file.”

In 2003, DOF issued a revised Property Management Policy and Procedures Manual (Manual) to produce property management guidelines for all Departments and Activities and systems-based accounting and control procedures for DOF-PS and DOF Financial Services. The Manual includes policies and procedures on the maintenance of detailed property records, annual physical inventory of property as well as flow charts on the CNMI’s property requisition and acquisition process.

Prior Audits

OPA conducted audits that were published in February 2020 (Report No. 20-03) and in May 1998 (AR-98-02). OPA reported multiple findings relevant to government vehicles and prevalent violations of 1 CMC § 7406, also known as the Government Vehicle Act of 1994. However, this audit focuses on DOF’s accountability of government vehicles relevant to the documents which support the purchase and lease of vehicles pursuant to the Manual and NMIAC § 70-30.3-315(b).

Please see *APPENDIX 2* for prior audit coverage.

Findings

OPA observed the following:

1. Documents were not provided for review or lacked sufficient information;
2. DOF-PS is not in compliance with NMIAC § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle;
3. Government vehicles were not accurately reflected on DOF-PS and government agency inventory listings; and
4. Procurement regulations lack provisions for vehicle rentals.

The following sections provide detailed discussion on these findings.

Documents were not provided for review or lacked sufficient information.

According to NMIAC § 70-30.3-285(a), “[t]he Director shall retain all procurement records for a period of 5 years after the completion of construction, or full delivery of goods or services under a contract.” In addition, the Manual requires DOF-PS to maintain detailed property records that must contain specific information about the property which include manufacturer serial and model numbers; acquisition source of the property including grant or agreement number and method of procurement; and acquisition date and cost.

Based on the FAMI listing provided by DOF-PS, 111 vehicles totaling \$4,204,180.80 were purchased from October 1, 2019 to November 12, 2021. DOF-PS also provided a listing of nine (9) lease contracts consisting of 13 vehicles with an average contract cost of \$27,645.16 executed within the same period.

Of the 111 vehicles purchased, OPA was only able to test 51 (46%) totaling \$2,073,157.30. The procurement documents for 60 (54%) samples totaling \$2,131,023.50 were not provided as DOF-PS could not locate the documents. Additionally, three (3) of the 60 samples could not be located because the required procurement document information entered into the FAMI listing were insufficient.

Recommendation(s):

- OPA recommends DOF-PS establish policies and procedures to ensure all supporting documents for all purchases are complete, properly filed, monitored, and maintained.
- OPA recommends DOF-PS properly store documents in an orderly and efficient manner to ensure all supporting documents are easily accessible and readily available.

DOF-PS is not in compliance with NMIAC § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle.

According to NMIAC § 70-30.3-315(b), before any vehicle is purchased or leased, a set of minimum factors shall be “considered, and a record reflecting the application of these factors shall be provided in a form prescribed by the Director and shall be included in the file.” The *Lease or Purchase of Vehicle(s) Procurement Justification Form* (Form) is available at DOF-PS or DOF’s official website.

For purchased vehicles, OPA reviewed procurement files for 51 vehicles and found 14 vehicles did not have the Form on file. Additionally for leased vehicles, OPA reviewed procurement files for 13 vehicles and found five (5) did not contain the Form on file. According to DOF-PS personnel, government agencies will sometimes submit a written memorandum in lieu of the Form. In addition, OPA noted that several Forms were not completely filled out by agencies. It appears DOF-PS does not review the Form for completeness nor do they hold agencies accountable for compliance with § 70-30.3-315(b). Noncompliance with § 70-30.3-315(b) may potentially allow vehicle purchases and leases to be procured without proper justification.

The image shows a screenshot of a form titled "LEASE OR PURCHASE OF VEHICLE(S) PROCUREMENT JUSTIFICATION FORM" from the Department of Finance, Division of Procurement and Supply. The form is divided into several sections. On the left, there are checkboxes for "The following additional factors": (i) Availability of purchase option, (ii) potential for use of vehicle by, (iii) trade-in or salvage value, (iv) unexpired interest, and (v) availability of a servicing contract if it is purchased. Below this is a statement: "The undersigned states that he/she has an NDJ Affidavit, Code Title 70, § 70-30.3-315(a) on file in the best of his/her undesignated conflict of interest in this purchase." There is a line for "Requester Signature" and a line for "Requester Name". Below that is a section "For P&S Use Only:" with checkboxes for "Approved" and "Rejected", and a line for "Director of Procurement". The main body of the form contains a title "LEASE OR PURCHASE OF VEHICLE(S) PROCUREMENT JUSTIFICATION FORM" and a paragraph: "This form satisfies the requirements for Any Lease or Purchase of Vehicle(s) which is governed by NDJ Affidavit, Code Title 70, § 70-30.3-315 (2004 Ed.). Agency shall consider whether to lease or purchase vehicle(s) based on a case-by-case evaluation of comparative costs and other factors. The following factors are the minimum that shall be considered, and a record reflecting the application of those factors shall be included in the file." Below this are five numbered sections: 1. Estimated length of the period in which the vehicle is to be used and the extent of use within that period. 2. Financial and Operating advantages of alternative types and makes of vehicles. 3. Cumulative rental payments for the estimated period of use. 4. Net purchase price. 5. Maintenance and other service costs. At the bottom right, it says "1" and "P&S Form 2011-04 (Revised 01/01/2015)".

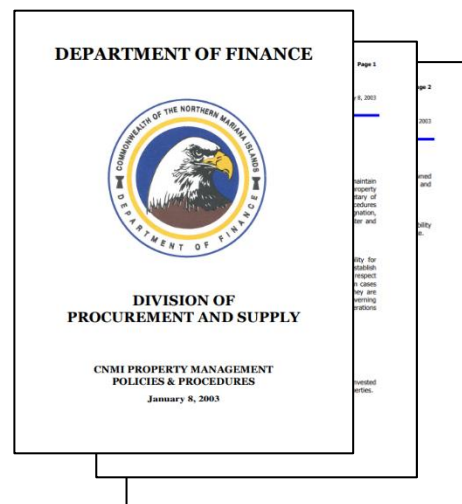
Source: <https://www.finance.gov.mp>

Recommendation(s):

- OPA recommends DOF-PS ensure the requirements of the DOF-PS Procurement Regulations § 70-30.3-315(b) are strictly adhered to before any vehicle is purchased or leased.
- OPA recommends that DOF-PS review all submitted Lease or Purchase of Vehicle(s) Procurement Justification Forms for completeness and ensure that they are properly filed and maintained.

Government vehicles were not accurately reflected on DOF-PS and government agency inventory listings.

According to NMIAC § 70-30.3-285(a), “[t]he Director shall retain all procurement records for a period of 5 years after the completion of construction, or full delivery of goods or services under a contract. The official with expenditure authority shall also retain copies of all procurement records for their respective agency.” In addition, the Manual requires DOF-PS to maintain detailed property records that must contain specific information about the property which include manufacturer serial and model numbers; acquisition source of the property including grant or agreement number and method of procurement; and acquisition date and cost. Further, DOF-PS “will conduct an annual inventory of property held by each Accountable Person as reflected in the master inventory control record.”



Source: <https://www.finance.gov.mp>

A listing of vehicles purchased and leased from October 1, 2019 to November 12, 2021 were obtained from the following:

1. GL accounts from JD Edwards and Munis Systems;
2. DOF-PS; and
3. Government agencies.

OPA tested the accuracy of vehicle information on the FAMI and agency listings against the GL. Detailed information presented on the FAMI list and procurement documents from government agencies were compared with the financial data recorded in the GL, such as purchase vouchers (PV) and receiving documents (OV). Thereafter, OPA compared vehicle information on PVs and OVs to the vehicle information on the FAMI and agency listings.

Purchases

FAMI to GL

Of the 111 samples identified on the FAMI list, OPA could not test three (3) due to the lack of procurement information, as discussed under the first finding of this report. Therefore, OPA only tested the remaining 108 purchased vehicles. The following inconsistencies were noted:

- 12 vehicles had errors on vehicle identification numbers (VIN);
- Four (4) vehicles had differences on vehicle cost; and
- For a specific contract consisting of 17 vehicles, seven (7) were not recorded on the FAMI.

In addition, OPA found 17 GL entries amounting to approximately \$2.2 million that could not be located on the FAMI listing.

Government Agency Vehicle Listings to GL

OPA obtained inventory listings from government agencies and identified 110 vehicles purchased within the audit scope. OPA tested the samples against GL information and found the following inconsistencies:

- 14 vehicles had errors on VINs, and
- 36 vehicles had differences on vehicle cost.

In addition, OPA found 20 GL entries amounting to approximately \$1.9 million that could not be located on agency listings.

Leases

DOF-PS Leased Vehicle Listing to GL

OPA obtained a listing of 13 leased vehicles from DOF-PS. Four (4) of the 13 leased vehicles were tested as purchased vehicles as they were leased then subsequently purchased by the agency prior to testing. The remaining nine (9) leased vehicles were recorded in the GL.

Agency Leased Vehicle Listing to GL

To validate the vehicles recorded in the GL, OPA physically located the VIN for each vehicle and matched them to the VIN on the lease vehicle contracts. If the VIN number could not be identified on the lease contract, OPA reviewed the respective procurement files for validation.

During testing, OPA was advised that the contracts related to two (2) leased vehicles were subsequently voided due to improper execution of both contracts and are currently being rectified. According to the agency who executed the contracts, DOF-PS was not aware of the two executed contracts. For two (2) other vehicles, OPA could not verify VINs because the vehicles were returned to the vendor prior to the time of inspection. Except for four vehicles, OPA was able to confirm that the remaining seven (7) vehicles were recorded in the GL.

Based on discussions with DOF-PS' staff, government agencies have physically received purchase or lease vehicles directly from vendors without acknowledgement from DOF-PS. In addition, DOF-PS has not conducted a recent annual inventory of government vehicles to properly account for vehicles on both DOF-PS' and agency listings.

Recommendation(s):

- OPA recommends that DOF-PS educate government agencies on DOF-PS' current procurement regulations and the CNMI Property Management Policies and Procedures Manual to ensure all government vehicles are properly accounted for.
- OPA recommends DOF-PS conduct annual inventory of government vehicles and maintain detailed property records in accordance with the CNMI Property Management Policies and Procedures Manual and as recommended in OPA's previous audit report (Report No. 20-03) issued on February 26, 2020.

Procurement regulations lack provisions for vehicle rentals.

Multiple government agencies provided OPA with rental vehicle information. Based on the purchase orders provided by government agencies, OPA could not determine if the vehicles were considered rentals or leased for accounting purposes. Because the regulations do not specifically refer to rental vehicles, OPA could not verify if the procurement of these vehicles requires the Form pursuant to NMIAC § 70-30.3-315(b). Furthermore, rentals may be utilized to circumvent procurement regulations required for leased vehicles. The cost of rental vehicles may also impose higher unsubstantiated spending within the CNMI government.

Recommendation(s):

- OPA recommends that DOF-PS work with the Office of the Secretary of Finance to define the classification of lease and rental vehicles and determine if rental vehicles are allowable for government operations.

Other Matters.

As noted in the background, government vehicle expenditures amounted to \$6,949,168.42 and \$3,702,296.77 in FY2021 and FY2020, respectively. An increase of \$3,246,871.65 (88%) during times of economic downturn is questionable in terms of fiscal responsibilities. Further, regardless of the funding source, an increase in the number of vehicles issued to CNMI agencies poses additional liabilities and obligations associated with fuel consumption and cost of repairs and maintenance.

Recommendation(s):

- OPA recommends that the Office of the Secretary of Finance perform an analysis on the appropriateness of the number of government vehicles currently issued to CNMI agencies and if additional vehicles are warranted based on the scope of assignments of the agencies, regardless of the availability of non-local funding sources.

Conclusion and Recommendations

Managing inventory records are an important part of the accounting process; as part of the purpose of the procurement records is to support the recorded costs of capitalized properties. DOF-PS has a duty to ensure that vehicle inventory is accounted for in the financial records of the CNMI. Procurement laws, regulations, and policies were established to promote the accountability and transparency of the CNMI government's inventory. However, OPA found: (1) documents were not provided for review or lacked sufficient information; (2) DOF-PS is not in compliance with NMIAC § 70-30.3-315(b); (3) government vehicles were not accurately reflected on DOF-PS and government agency inventory listings; and (4) procurement regulations lack provisions for rental vehicles utilized for operations.

Insufficient procurement records and inaccurate inventory records could potentially impede management from identifying losses and making informed decisions on a timely basis. In addition, the lack of accountability of procurement records decreases the level of transparency and increases the risk of fraud, waste, and abuse of government assets.

Recommendation Summary

We recommend that the Department of Finance's Division of Procurement Services:

1. Establish policies and procedures to ensure all supporting documents for all purchases are complete, properly filed, monitored, and maintained;
2. Properly store documents in an orderly and efficient manner to ensure all supporting documents are easily accessible and readily available;
3. Ensure the requirements of the DOF-PS Procurement Regulations § 70-30.3-315(b) are strictly adhered to before any vehicle is purchased or leased;
4. Review all submitted Lease or Purchase of Vehicle(s) Procurement Justification Forms for completeness and ensure that they are properly filed and maintained;
5. Educate government agencies on DOF-PS' current procurement regulations and the CNMI Property Management Policies and Procedures Manual to ensure all government vehicles are properly accounted for;
6. Conduct annual inventory of government vehicles and maintain detailed property records in accordance with the CNMI Property Management Policies and Procedures Manual and as recommended in OPA's previous audit report (Report No. 20-03) issued on February 26, 2020; and
7. Work with the Office of the Secretary of Finance to define the classification of lease and rental vehicles and determine if rental vehicles are allowable for government operations.

In addition, we recommend that the Office of the Secretary of Finance:

1. Perform an analysis on the appropriateness of the number of government vehicles currently issued to CNMI agencies and if additional vehicles are warranted based on the scope of assignments of the agencies, regardless of the availability of non-local funding sources.

Summary of Responses

Please see *APPENDIX 3* for Department of Finance's – Division of Procurement Services' detailed response, which was concurred by the Secretary of Finance on July 29, 2022.

Appendix 1. Scope and Methodology

Our audit scope primarily focuses on the following key areas:

- All government vehicles, specifically automobiles, purchased and leased by the CNMI Government from October 1, 2019 to November 12, 2021.

The Office of the Public Auditor (OPA) performed audit procedures to achieve the following:

1. Gained an understanding of the subject matter:
 - a. 1 CMC § 7406 et seq., Government Vehicle Act of 1994;
 - b. NMIAC § 70-30.2, Government Vehicle Regulations;
 - c. NMIAC § 70-30.315, Procurement Regulations;
 - d. 1 CMC § 2553, Department of Finance (DOF): Duties and Responsibilities;
 - e. Department of Finance, Procurement Service's (PS) Property Management Policies and Procedures.
2. Obtained a complete inventory listing of purchased and leased vehicles from DOF-PS, General Ledger (GL) details of all vehicle purchases and leases from DOF-Division of Financial Services (DFS), vehicle inventory listings from applicable government agencies.
3. Obtained government agencies' latest documentation of all purchased and leased vehicles recorded in the GL.
4. Verified if a cost-benefit analysis was conducted to determine the optimal use of government funds.
5. Prepared testing schedules and conducted testing on 100% of sample selection.
6. Summarized potential findings and recommendations.
7. Prepared and finalized audit report.
8. Conducted close-out audit procedures.
9. Published audit report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix 2. Prior Audit Coverage

OPA published audit reports on government vehicles in prior years which reported on DOF-PS' lack of enforcement or monitoring of agencies for compliance with the law and regulations as well as misuse of government vehicles.

	Report Date & Number	Agency	Audit Report Title
1.	Report No. 20-03 February 26, 2020	Department of Finance – Division of Procurement Services	Audit of Government Vehicles
2.	AR-98-02 May 1998	CNMI Government	Review of CNMI's Compliance with Government Vehicle Act and Regulations March 1995 to March 1997

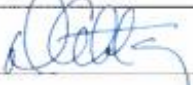
Appendix 3. Agency Response

AGENCY RESPONSE TO THE AUDIT FINDINGS

Pursuant to 1 CMC § 7823, the Office of the Public Auditor (OPA) maintains an Audit Recommendation Tracking System to monitor the implementation and resolution of recommendations, and publishes a status report on a semi-annual basis. OPA will contact your agency to evaluate your compliance with the recommendations every June and December until all recommendations are resolved.

SECTION 1 – AUDIT GENERAL INFORMATION	
Agency Name:	Department of Finance, Division of Procurement Services
Report No.:	OPA Report No. 22-02
Report Title:	Audit of Government Vehicles
Draft Report Issuance Date:	June 10, 2022
SECTION 2 – RECOMMENDATIONS AND CORRECTIVE ACTION	
Finding 1:	Documents were not provided for review or lacked sufficient information.
Recommendation:	<ul style="list-style-type: none"> • OPA recommends DOF-PS establish policies and procedures to ensure all supporting documents for all purchases are complete, properly filed, monitored, and maintained. • OPA recommends DOF-PS properly store documents in an orderly and efficient manner to ensure all supporting documents are easily accessible and readily available.
Does your agency agree with the finding? <i>(If you disagree, provide an explanation and supporting evidence.)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explanation: Click or tap here to enter text.
Corrective Action: <i>(Provide detailed steps for implementing the recommendation and actions to preclude re-occurrence of the finding)</i>	DOF PS is currently in the process of scanning all supporting documents for electronic filing for all purchases that were made pre-Munis. Supporting documents for purchases made in the Munis system are available online. This will ensure these documents are readily available when needed and also assist in ease of access.
Proposed Completion Date: <i>Provide the date (mm/dd/yy) your agency expects to implement the recommendation(s).</i>	12/1/22
Finding 2:	DOF-PS is not in compliance with NMIAC § 70-30.3-315(b), which requires agencies to properly justify their decision to purchase or lease a vehicle.
Recommendation:	<ul style="list-style-type: none"> • OPA recommends DOF-PS ensure the requirements of the DOF-PS Procurement Regulations § 70-30.3-315(b) are strictly adhered to before any vehicle is purchased or leased. • OPA recommends that DOF-PS review all submitted Lease or Purchase of Vehicle(s) Procurement Justification Forms for completeness and ensure that they are properly filed and maintained.
Does your agency agree with the finding? <i>(If you disagree, provide an explanation and supporting evidence.)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explanation: Click or tap here to enter text.

Corrective Action: <i>(Provide detailed steps for implementing the recommendation and actions to preclude re-occurrence of the finding)</i>	DOF PS will review justification requirements as stated in NMIAC § 70-30.3-315(b) to ensure compliance. PS will review for completeness before proceeding with the purchase and/or lease of any government vehicle.
Proposed Completion Date: <i>Provide the date (mm dd/yy) your agency expects to implement the recommendation(s).</i>	Immediately
Finding 3:	Government vehicles were not accurately reflected on DOF-PS and government agency inventory listings.
Recommendation:	<ul style="list-style-type: none"> • OPA recommends that DOF-PS educate government agencies on DOF-PS' current procurement regulations and the CNMI Property Management Policies and Procedures Manual to ensure all government vehicles are properly accounted for. • OPA recommends DOF-PS conduct annual inventory of government vehicles and maintain detailed property records in accordance with the CNMI Property Management Policies and Procedures Manual and as recommended in OPA's previous audit report (Report No. 20-03) issued on February 26, 2020.
Does your agency agree with the finding? <i>(If you disagree, provide an explanation and supporting evidence.)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explanation: Click or tap here to enter text.
Corrective Action: <i>(Provide detailed steps for implementing the recommendation and actions to preclude re-occurrence of the finding)</i>	DOF PS is working to reconcile government vehicle inventory requested in 2020. Currently 18 vehicles are outstanding. PS Property Management Branch is in the process of communicating with the responsible agencies to resolve the issue.
Proposed Completion Date: <i>Provide the date (mm dd/yy) your agency expects to implement the recommendation(s).</i>	12/01/22
Finding 4:	Procurement regulations lack provisions for vehicle rentals.
Recommendation:	OPA recommends that DOF-PS work with the Office of the Secretary of Finance to define the classification of lease and rental vehicles and determine if rental vehicles are allowable for government operations.
Does your agency agree with the finding? <i>(If you disagree, provide an explanation and supporting evidence.)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explanation: Click or tap here to enter text.
Corrective Action: <i>(Provide detailed steps for implementing the recommendation and actions to preclude re-occurrence of the finding)</i>	DOF PS will bring the matter up with the Secretary of Finance to review the rules and regulations pertaining to vehicle rentals used for government operations and whether there are any instances when rentals may be permissible.
Proposed Completion Date: <i>Provide the date (mm dd/yy) your agency expects to implement the recommendation(s).</i>	12/01/22
Finding:	Other Matters.

Recommendation:	OPA recommends that the Office of the Secretary of Finance perform an analysis on the appropriateness of the number of government vehicles currently issued to CNMI agencies and if additional vehicles are warranted based on the scope of the assignments of the agencies, regardless of the availability of non-local funding sources.		
Does your agency agree with the finding? <i>(If you disagree, provide an explanation and supporting evidence.)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explanation: Click or tap here to enter text.		
Corrective Action: <i>(Provide detailed steps for implementing the recommendation and actions to preclude re-occurrence of the finding)</i>	DOF PS will meet with the Secretary of Finance to discuss this issue and formulate a plan to address the matter.		
Proposed Completion Date: <i>Provide the date (mm/dd/yy) your agency expects to implement the recommendation(s).</i>	12/01/22		
SECTION 3 – ACCOUNTABLE OFFICIAL			
Accountable Official Title and Name:	DAVID DLG. ATALIG, SECRETARY, DEPARTMENT OF FINANCE		
Signature:		Date:	7/29/2022

Appendix 4: Status of Recommendation

No.	Recommendation	Status
1.	OPA recommends DOF-PS establish policies and procedures to ensure all supporting documents for all purchases are complete, properly filed, monitored, and maintained.	
2.	OPA recommends DOF-PS properly store documents in an orderly and efficient manner to ensure all supporting documents are easily accessible and readily available.	
3.	OPA recommends DOF-PS ensure the requirements of the DOF-PS Procurement Regulations § 70-30.3-315(b) are strictly adhered to before any vehicle is purchased or leased.	
4.	OPA recommends that DOF-PS review all submitted Lease or Purchase of Vehicle(s) Procurement Justification Forms for completeness and ensure that they are properly filed and maintained.	
5.	OPA recommends that DOF-PS educate government agencies on DOF-PS' current procurement regulations and the CNMI Property Management Policies and Procedures Manual to ensure all government vehicles are properly accounted for.	
6.	OPA recommends DOF-PS conduct annual inventory of government vehicles and maintain detailed property records in accordance with the CNMI Property Management Policies and Procedures Manual and as recommended in OPA's previous audit report (Report No. 20-03) issued on February 26, 2020.	
7.	OPA recommends that DOF-PS work with the Office of the Secretary of Finance to define the classification of lease and rental vehicles and determine if rental vehicles are allowable for government operations.	
8.	OPA recommends that the Office of the Secretary of Finance perform an analysis on the appropriateness of the number of government vehicles currently issued to CNMI agencies and if additional vehicles are warranted based on the scope of assignments of the agencies, regardless of the availability of non-local funding sources.	



Department of Finance – Division of Procurement Services
Audit of Government Vehicles
Report No. 22-02, August 2022

CONSTITUTIONAL MANDATE

Article III, Section 12 of the CNMI Constitution and the Commonwealth Auditing Act (1 CMC, 2301, 7812 et. seq. of the Commonwealth Code) established the Office of the Public Auditor as an independent agency of the Commonwealth Government to audit the receipt, possession, and disbursement of public funds and to perform such other duties as required by law.

REPORTING FRAUD, WASTE, AND ABUSE

- Call the OPA HOTLINE at (670) 235-3937
- Visit our website and fill out our online form at www.opacnmi.com
- Contact the OPA Investigators at 322-3937/8/9
- OR visit our office on 1236 Yap Drive, Capitol Hill