



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands
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March 20, 2024

Interagency Audit Coordinating Advisory Group:
The Honorable Edith E. Deleon Guerrero, Senate President
The Honorable Edmund S. Villagomez, Speaker of the House of Representatives
The Honorable Patrick H. San Nicolas, Minority Leader of the House of Representatives
Ms. Tracy B. Norita, Secretary of Finance
Ms. Virginia C. Villagomez, Special Assistant of the Office of Management and Budget
Saipan, MP 96950

Report on CNMI Agencies' Implementation of Audit Recommendations

Dear Interagency Audit Coordinating Advisory Group:

Enclosed is a copy of the status report on CNMI agencies' implementation of recommendations reported in audit and inspection reports issued by the Office of the Public Auditor (OPA). OPA tracked a total of 46 audit and inspection recommendations as of December 31, 2023.

OPA's procedures include sending follow-up emails and contacting government agencies. This report incorporates agency responses obtained by OPA as of December 31, 2023.

In accordance with statutory restrictions in the Auditing Act, the names of individuals in the audits are not disclosed in this report. All OPA audit and inspection reports can be found on OPA's website at www.opacnmi.com.

Sincerely,

Dora I. Deleon Guerrero, CPA
Temporary Public Auditor

Cc: Honorable Arnold I. Palacios, Governor
Honorable David M. Apatang, Lt. Governor

Executive Summary
Report on CNMI Agencies' Implementation of Audit Recommendations
As of December 31, 2023
Report No. 24-01, March 20, 2024

Background

The Office of the Public Auditor (OPA) maintains an audit recommendation tracking system to monitor the implementation and resolution of audit and inspection recommendations. On a semi-annual basis, OPA issues its *Report on CNMI Agencies' Implementation of Audit Recommendations*, commonly referred to as the Audit Recommendations Tracking System (ARTS) report, which presents the audited agencies' implementation of OPA's recommendations.

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

Since 2000, OPA has not received any request for consultation from the Coordinating Group. However, OPA continues to issue follow-up letters, email messages, and/or contact agencies with outstanding recommendations to request information on corrective actions taken to implement OPA's audit and inspection recommendations. This report incorporates agency responses obtained by OPA on or before December 31, 2023. In accordance with statutory restrictions in the Auditing Act, the names of individuals are not disclosed in OPA's ARTS report.

Classification of OPA Audit Recommendations

OPA recommendations are classified as either *resolved* or *unresolved*. A *resolved* recommendation is one in which OPA is satisfied that the agency has taken corrective action to meet the intent of the recommendation or OPA has withdrawn from it. An *unresolved* recommendation is one in which the agency cannot take immediate action, or the respective agency or department has not informed OPA of any action taken to address the recommendation.

Status of OPA Audit Recommendations

As of December 31, 2023, OPA tracked a total of 46 audit and inspection recommendations. OPA requested agencies to provide updates on the corrective actions they have taken to resolve each recommendation. Nine official responses were received by OPA. Of the 46 recommendations, five were resolved. The table below presents the status of OPA's audit and inspection recommendations.

Audit and Inspection Reports	Report No.	Report Date	Response Received	Unresolved
DOF – Audit of Collections on Saipan	23-02	08/04/2023	No	1
DOF – Audit of Government Vehicles	22-02	08/02/2022	Yes	6
DOF – Audit of Cash on Tinian and Rota	21-06	12/28/2021	No	7
DLNR – Audit of the DLNR Outer Cove Marina Facility	21-04	11/10/2021	Yes	2
CHCC – Audit of the CNMI Medical Referral Services Office	21-03	09/23/2021	Yes	3
DOF – Audit of the DRT Hotel Occupancy Tax	20-07	09/02/2020	No	9
DOF – Audit of the CNMI Government Travel Policy	20-06	08/18/2020	Yes	2
DOF – Audit of Government Vehicles	20-03	02/26/2020	Yes	2
DOF – Audit of CNMI Government Fuel Contract	20-02	01/28/2020	Yes	5
CEC – Inspection of Ballot Accountability	19-04	06/18/2019	Yes	3
CHCC – Audit of Patient Revenue Cycle	17-01	03/16/2017	Yes	1
DOF – Audit of Excise Taxes	14-01	09/29/2014	Yes	0
			Total:	41

Department of Finance – Collections on Saipan

Report No. 23-02, Issued August 4, 2023

Department of Finance

Audit of Collections on Saipan

Recommendation: Department of Finance (DOF) develops and implements a uniform Standard Operational Procedures (SOP) for accountability of collections at all DOF-sanctioned collection points and ensures strict adherence. The SOP should have adequate procedures to ensure that (1) reconciliation of daily collections is performed at the end of each business day; (2) collections are deposited timely; (3) collection duties are properly segregated; (4) internal controls are established to ensure that all unremitted collections to the Treasury and Manual Official Cash Receipts (MOCR) are properly secured; and (5) the need for change fund at all collection points are reassessed.

Corrective Action: 08/01/23 – DOF’s initial response to the audit report – The Division of CNMI Treasury has begun efforts to finalize and disseminate an official cash handling SOP, along with other agency-specific SOPs being compiled for all DOF-sanctioned collection points on Saipan.

Going forward, all collection points are onboard with a uniform method of daily reconciliation, as well as daily remittance of collections to the CNMI Treasury. Collection points must document changes to this standard procedure if an alternate approach is necessary to meet agency-specific needs. Collection points must initiate closure at 3 pm daily to allow timely remittance to any of the main collection points.

All collection points have been briefed regarding the safekeeping of used and unused MOCRs, which will be included in the SOP that will be distributed amongst the collection points. These stations have been advised on procuring the safe box or vault for efficient safekeeping of payments and MOCRs. The SOP will include standard specifications for procuring vaults and safe boxes, as well as guidance for securing keys and/or codes.

The SOP will include an auditing section to ensure the segregation of duties for all individuals involved in cash handling at a collection point. All collection points have been advised to submit official documentation to determine authorized personnel involved in cash handling, reconciliation, and access to vaults, safe boxes, and keys/codes within their stations.

SOP will include policies and procedures regarding overages and shortages. This will allow all authorized personnel involved in cash handling to acknowledge efficient practices when dealing with situations involving overages and shortages and proper documentation.

CNMI Treasury has identified all collection points in need of a change fund and has initiated the process of providing these collection points with a proper change fund. Departments have been instructed to issue official memos to request a change fund for their respective collection point and must indicate a justified amount.

12/31/23 – No response.

**Agency Proposed
Completion Date:**

08/31/23

Status:

Unresolved

STATUS OF AUDIT RECOMMENDATIONS

OPA Note:

OPA will follow up on DOF's progress toward addressing the recommendation in the next reporting period.

Department of Finance – Government Vehicles

Report No. 22-02, Issued August 2, 2022
Department of Finance, Division of Procurement Services
Audit of Government Vehicles

Recommendation 1: Department of Finance’s (DOF) Division of Procurement Services (PS) establishes policies and procedures to ensure all supporting documents for all purchases are complete, properly filed, monitored, and maintained.

Corrective Action: 07/26/22 – 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 assist in ease of access.

12/31/22 – No response.

06/30/23 – The Division of Procurement Services has initiated an Administrative Manual to address internal processes not captured elsewhere in the division. The manual is at 75% completion, with a final review slated for October 2023.

12/31/23 – The Division of Procurement Services has completed the formatting and information that makes the Administrative Manual. Additionally, Procurement looks to incorporate existing policies and procedures addressed within existing documents, such as the CNMI Procurement Regulations, as a supplement to this Administrative Manual for both reference and reliance. While the Manual has been completed, the office looks to engage staff in a walkthrough that will better inform all those affected and provide additional information that may be incorporated in the next iteration. As such, Procurement requests that this finding remain open until the next reporting period to ensure compliance and familiarity amongst office personnel.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS’ progress toward addressing the recommendation in the next reporting period.

Recommendation 2: DOF-PS properly stores documents in an orderly and efficient manner to ensure all supporting documents are easily accessible and readily available.

Corrective Action: 07/26/22 – 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 assist in ease of access.

12/31/22 – No response.

06/30/23 – The Division of Procurement Services recently moved from the Horiguchi Building to the Former Arts Council Office in Capitol Hill. Files have been stored in a secure room, pending renovations to our 40 ft container (Aircon and Shelf Installations).

STATUS OF AUDIT RECOMMENDATIONS

12/31/23 – DOF-PS documents remain stored in a secured location within the division's new home. Ongoing renovation among the 1200 and 1300 block offices in Capitol Hill has required PS to support the temporary storage of Government Assets not currently in use. With the completion of the DOF-PS Office renovation slated for May 2024, the agency intends to store within our containers (older files) and within the newly renovated office space where a section has been readily identified to accommodate the paper-based files. PS continues to maintain scanning requirements of all incoming and outgoing documents, which has proven successful in minimizing the loss of documents between routing and providing alternative access to data requests. DOF-PS looks forward to providing an update on this matter come June 2024.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 3: DOF-PS ensures the requirements of the DOF-PS Procurement Regulations § 70-30.3-315(b) are strictly adhered to before any vehicle is purchased or leased.

Corrective Action: 07/26/22 – DOF-PS will review justification requirements as stated in NMIAC § 70-30.3-315(b) to ensure compliance. DOF-PS will review for completeness before proceeding with the purchase and/or lease of any government vehicle.

12/31/22 – No response.

06/30/23 – The Division has reviewed the information contained within the specific regulation and will ensure that all vehicle purchases address §70-30.3-315(b) prior to lease and/or purchases.

12/31/23 – DOF-PS is pleased to report that since this finding was reported, the Division has strictly adhered to Invitation To Bid requirements associated with the purchase or lease of government vehicles.

Agency Proposed
Completion Date:

Completed

Status:

Resolved

OPA Note:

Follow-up procedures performed on a sample of vehicles purchased and/or leased were in compliance with the requirements of § 70-30.3-315(b). Therefore, OPA considers this recommendation resolved.

Recommendation 4: 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.

Corrective Action: 07/26/22 – DOF-PS will review justification requirements as stated in NMIAC § 70-30.3-315(b) to ensure compliance. DOF-PS will review for completeness before proceeding with the purchase and/or lease of any government vehicle.

12/31/22 – No response.

STATUS OF AUDIT RECOMMENDATIONS

06/30/23 – The Division has identified a single point of contact (SPOC) for all vehicle purchases. The SPOC has completed 50% of its review on existing files and will work with Expenditure Authorities to ensure justifications align with the requested purchase.

12/31/23 – All documentation associated with the lease or purchase of vehicles is properly filed based on the ITB number and readily identifiable should inquiries arise. DOF-PS would like to report this matter as closed.

Agency Proposed
Completion Date:

Completed

Status:

Resolved

OPA Note:

Based on follow up procedures performed, Lease or Purchase of Vehicle(s) Procurement Justification Forms were properly completed, filed, and maintained. Therefore, OPA considers this recommendation resolved.

Recommendation 5: 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.

Corrective Action: 07/26/22 – DOF-PS is working to reconcile the government vehicle inventory requested in 2020. Currently, 18 vehicles are outstanding. DOF-PS' Property Management Branch is in the process of communicating with the responsible agencies to resolve the issue.

12/31/22 – No response.

06/30/23 – The Division is coordinating with the Office of Information Technology to provide a webinar series to clarify both the Property Management and Government Vehicle Regulations. The series will also cover several frequently asked questions in an effort to better streamline requests from various agencies.

12/31/23 – DOF-PS continuously engages government agencies and encourages all expenditure authorities to familiarize themselves with the regulations and policies that affect government spending and assets. While we have seen an improvement in the number of agencies engaging the office, several others remain unfamiliar, thereby prompting our office to formally engage in the process. This item remains open, and an update toward completion will be provided by June 2024

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 6: DOF-PS conducts an annual inventory of government vehicles and maintains 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.

Corrective Action: 07/26/22 – DOF-PS is working to reconcile the government vehicle inventory requested in 2020. Currently, 18 vehicles are outstanding. DOF-PS' Property Management Branch is in the process of communicating with the responsible agencies to resolve the issue.

STATUS OF AUDIT RECOMMENDATIONS

12/31/22 – No response.

06/30/23 – The Division acknowledges the outstanding area of concern. An internal team comprised mainly of Property Management Branch Personnel was assembled in April 2023 to look at all pending actions. A deadline has been set for November 2023 to have a completed inventory review and provide a status update for this ongoing effort.

12/31/2023 – The Property Management Branch Personnel assigned to this task met with the Director to discuss their current findings in November 2023. With the assistance of the Secretary of Finance, Procurement is working closely with Munis Contractors to develop a node within the Munis Financial System that would be specific to vehicle fleet management. The Office anticipates completing this module in April 2024, which will also include a familiarization course for office personnel and pertinent government employees.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 7: DOF-PS works 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.

Corrective Action:

07/26/22 – 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.

12/31/22 – No response.

06/30/23 – The Division has yet to meet with the Secretary of Finance to define lease and rental vehicles. Only under limited circumstances should a rental vehicle be used for government operations (i.e., law enforcement conducting undercover work). The Division, along with the SOF, will provide an update on this matter once a meeting has taken place.

12/31/23 – The Director met with the Secretary in October 2023 to discuss the existing limitations associated with Government acquisitions. Based on this meeting, it was determined that the best course of action would be to submit a Legal Services Request to the Office of the Attorney General that would seek his opinion on the legal definitions surrounding lease vs. rental vehicles obtained by Government entities. The Office has not received a response to this inquiry and will provide an update once one has been made available.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 8: 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

STATUS OF AUDIT RECOMMENDATIONS

vehicles are warranted based on the scope of the assignments of the agencies, regardless of the availability of non-local funding sources.

Corrective Action: 07/26/22 – DOF-PS will meet with the Secretary of Finance to discuss this issue and formulate a plan to address the matter.

12/31/22 – No response.

06/30/23 – The Division has assembled an internal team that is currently looking into this matter. Once the division has completed its review, a meeting will be scheduled with the SOF's team to address the needs of specific agencies further.

12/31/23 – A preliminary assessment conducted by the Division has determined that several agencies are in possession of vehicles in excess of their capability to sustain this equipment. The Division looks to schedule a meeting with the SOF to address ongoing needs and make further determinations on the appropriateness of certain acquisitions, whether leased or outright purchased. The Division understands that funding opportunities drive a significant part of Government expenses and looks to work amicably in coordination with the SOF to ensure that the delivery of government services is not hampered through this process.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Department of Finance – Cash on Tinian and Rota

Report No. 21-06, Issued December 28, 2021

Department of Finance

Audit of Cash on Tinian and Rota

Recommendation 1: Collection points within the same building be consolidated to provide a central collection point for efficiency and better use of resources.

Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).

12/31/22 – No response.

06/30/23 – No response.

12/31/23 – No response.

Agency Proposed

Completion Date:

No Response

Status:

Unresolved

OPA Note:

OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 2: Petty cash funds be monitored and replenished in a timely manner, transactions properly documented, and reviews and logs, if applicable, are properly filled out.

Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).

12/31/22 – No response.

06/30/23 – No response.

12/31/23 – No response.

Agency Proposed

Completion Date:

No Response

Status:

Unresolved

OPA Note:

OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 3: All collection points remit funds to DOF-Division of Treasury on a daily basis.

Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).

12/31/22 – No response.

06/30/23 – No response.

STATUS OF AUDIT RECOMMENDATIONS

Agency Proposed Completion Date: 12/31/23 – No response.
No Response
Status: Unresolved
OPA Note: OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 4: A minimum change fund be established and accounted for at all locations.
Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).
12/31/22 – No response.
06/30/23 – No response.
12/31/23 – No response.
Agency Proposed Completion Date: No Response
Status: Unresolved
OPA Note: OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 5: Daily collection reports and/or daily cash reports be prepared for locations utilizing manual receipts and evidenced as reviewed and approved by a supervisor on a daily basis.
Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).
12/31/22 – No response.
06/30/23 – No response.
12/31/23 – No response.
Agency Proposed Completion Date: No Response
Status: Unresolved
OPA Note: OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 6: Validated deposit slips be attached to collection reports and evidenced as reviewed by a supervisor or manager after the actual deposit was made.
Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).

STATUS OF AUDIT RECOMMENDATIONS

12/31/22 – No response.

06/30/23 – No response.

12/31/23 – No response.

Agency Proposed
Completion Date:

No Response

Status:

Unresolved

OPA Note:

OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 7: Educate employees on OPA’s purview to prevent delays in performing audit, review, or survey procedures.

Corrective Action: 12/23/21 – DOF has noted the recommendations provided and will work to further enhance our internal process through the following action items (recommendations).

12/31/22 – No response.

06/30/23 – No response.

12/31/23 – No response.

Agency Proposed
Completion Date:

No Response

Status:

Unresolved

OPA Note:

OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Department of Lands and Natural Resources - Outer Cove Marina Facility

Report No. 21-04, Issued November 10, 2021
Department of Lands and Natural Resources
Audit of the DLNR Outer Cove Marina Facility

Recommendation 1: Meet with applicable stakeholders to establish an executable action plan to restore the Outer Cove Marina (OCM).

Corrective Action: 11/02/21 – Department of Lands and Natural Resources (DLNR) initial response to audit report – We are awaiting funding from the central government for the following plans to build, construct, and manage a new facility. This Department is seeking funding assistance from the Governor’s Infrastructure and Recovery Program (IRP) for the OCM Break Water Project. This will be the first initial proposed project plan to be contracted.

6/08/22 – To establish an executable plan for the restoration of the OCM, DLNR needs to acquire funding to build a breakwater:

- To design and build a breakwater for the Outer Cove marina, funds are needed to hire an A&E firm and a construction company through a bidding process;
- The breakwater aims to provide cover from pending storms that will bring threats to ongoing construction/repair projects. The breakwater is greatly needed to provide long-term protection to the facility long after completion;
- It will lengthen its use for 30 years or more with minimal requirements for repairs or damages that usually occur when a storm reaches land;
- The breakwater will turn the OCM into a sheltering venue for vessels that seek refuge from future disastrous weather and
- A docking facility will not last and cannot operate successfully without an existing breakwater.

12/07/22 – DLNR restated their need for funding to build a breakwater, as discussed in their response on 6/08/2022.

06/30/23 – No response.

12/31/23 – The Outer Cove Marina is a critical element for all mariners within the CNMI and is necessary for meeting the needs of commercial vessels docked with Smiling Cove. Since receiving the audit report, DLNR has been diligently working to address the recommendations outlined in the report. However, the CNMI’s economy has suffered tremendously, affecting all markets and revenue for the CNMI Government, which has made it difficult to meet the audit recommendations.

However, DLNR has not ceased its efforts and focus on seeking out funds to address the needs of the Outer Cove Marina. This includes meetings with the Department of Defense, CNMI’s Grants Office, Western Pacific Regional Fishery Management, and CNMI’s Public Assistance Office, to name a few.

We acknowledge that there is still work to be done to comprehensively and fully address all the audit recommendations. DLNR remains dedicated to this ongoing process, and we are committed to ensuring that each recommendation is addressed effectively and efficiently. We understand the importance of maintaining public trust and accountability and are fully committed to upholding these principles. We will continue to provide updates on our progress in implementing the recommendations and will be happy to cooperate with the Office of the Public Auditor in any further reviews or assessments.

STATUS OF AUDIT RECOMMENDATIONS

Agency Proposed Completion Date: No Response

Status: Unresolved

OPA Note: OPA will follow up on DLNR's progress toward addressing the recommendation in the next reporting period.

Recommendation 2: Identify and establish applicable safety standards for the OCM.

Corrective Action: 11/02/21 – DLNR's initial response to the audit report – Acquire funds needed to first inquire about the design of the OCM facility from an engineering firm. Once done, more funding will need to be acquired to build/construct a new and safer facility. Finally, funding sources will also be needed to provide staffing for maintenance or upkeep of a docking facility on a yearly basis.

06/08/22 – DLNR continues to request funding. On November 24, 2021, DLNR sent a letter to the Department of Finance asking for \$5,000,000.00 to initiate the bidding process for an A&E firm and a construction company to build a breakwater for OCM. Finance agrees to assist, but a funding source has yet to be identified. In the past, DLNR has also approached CIP for funding with no success.

It is with hope also that once funds are available, it will include making plans for the following:

- The removal of collapsed walkways and other unsafe structures;
- The installation of a security fence around the dock to increase safety and prevent unauthorized berthing/usage; and
- Adding surveillance cameras and solar-powered lamps throughout OCM to help deter future vandalism or abuse of the facility.

12/07/22 – To resolve the issue with recommendation No. 2, recommendation No. 1 will need to be addressed appropriately. The central government is not able to furnish the funds requested in its November 24, 2021, letter to the Department of Finance for \$5,000,000.00 for Fiscal Year 2022. We hope that the change in administration will allow the Department of Finance to stay committed to helping DLNR identify a source of funding in FY 2023 to tackle the following tasks:

- The removal of collapsed walkways and other unsafe structures;
- The installation of a security fence around the dock to increase safety and prevent unauthorized berthing/usage; and
- Adding surveillance cameras and solar-powered lamps throughout OCM to help deter vandalism or abuse of the facility in the future.

06/30/23 – No response

12/31/23 – See response for Recommendation 1.

Agency Proposed Completion Date: No response

Status: Unresolved

OPA Note: OPA will follow up on DLNR's progress toward addressing the recommendation in the next reporting period.

Commonwealth Healthcare Corporation – CNMI Medical Referral Services Office

Report No. 21-03, Issued September 23, 2021
Commonwealth Healthcare Corporation
Audit of the CNMI Medical Referral Services Office

Recommendation 1: Develop a plan to meet with all stakeholders and establish proper internal controls to ensure an affordable, effective, and equitable program.

Corrective Action: 09/03/21 – Commonwealth Healthcare Corporation’s (CHCC) initial response to audit report – As stated in the OPA Report, “absent an enabling legislation, statutorily authorized regulations or adopted standard operating procedures, MRSO is left without proper guidance to ensure efficient operations.” Unfortunately, although the Attorney General believes that CHCC should be administering the Medical Referral, CHCC is unable to address this finding on organizational structure as the repeal of subsection (v) of 3 CMC § 2824 by Public Law (PL) 19-78 took away CHCC’s specific authority to adopt regulations when off-island care is necessary and appropriate. Legislation needs to be passed to cure this organizational structure finding.

12/31/21 – No response.

06/15/22 – CHCC met with the stakeholders and established proper internal controls by moving the accounting section under the direction of the CHCC Chief Financial Officer and ensuring adherence to Chapter 75-50 of the Medical Referral regulations and compliance with Generally Accepted Accounting Principles.

12/20/22 – CHCC provided OPA with a memorandum regarding the Medical Referral Services (MRS) organizational structure and a copy of the MRS organizational chart.

06/30/23 – The CHCC incorporated interdisciplinary functions to be involved in the program, such as social services, utilization review, accounting, data analysis, outpatient, etc. Reference Health Network Program (HNP) Organizational Chart. For the CHCC to ensure an affordable, effective, and equitable program, the CHCC must be provided with the necessary funds throughout the year to avoid disruption in service and benefits, as stated by Public Law 22-33. Funds are necessary to provide benefits such as airfare, transportation, lodging, and subsistence. In addition, the CHCC has proposed Medicaid State Plan Amendments (SPA) for the CNMI Medicaid Program to adopt, which, in turn, will lessen government local funding as the SPA will allow Medicaid to pay for foreign hospitals and benefits such as lodging, transportation, and subsistence for Medicaid Beneficiaries.

12/31/23 – CHCC provided OPA with a copy of an email correspondence of CHCC staff coordinating meetings with stakeholders regarding CHCC Hospital to Hospital (H2H) Emergency & Inpatient Transfer. In addition, CHCC also provided a copy of the updated Health Network Program Eligibility Application and Guidance Form for the overall process, as well as CHCC’s H2H Emergency & Inpatient Process Flow.

Agency Proposed
Completion Date:

No response

Status:

Unresolved

OPA Note:

OPA will coordinate with CHCC to schedule follow-up procedures before the next reporting period.

STATUS OF AUDIT RECOMMENDATIONS

Recommendation 2: Collaborate with applicable stakeholders to review previously executed contracts and/or agreements and renegotiate terms to ensure a cost-effective and equitable program.

Corrective Action: 09/03/21 – CHCC initial response to audit report – CHCC is unable to address this finding on internal control as the repeal of subsection (v) of 3 CMC § 2824 by PL 19-78 took away CHCC’s specific authority to adopt regulations when off-island care is necessary and appropriate.

12/31/21 – No response.

06/15/22 – Collaborated with stakeholders whose contracts are for payment of medical claims, provider services, and logistic support and accommodations that are provided for the patients in Guam, Hawaii, and the Los Angeles/San Diego areas. Some contracts were renegotiated with new terms but also ensured proper utilization of blocked rooms and transportation services. Some contracts were terminated as they were found to be duplicative and not necessary for the program.

12/20/22 – CHCC provided OPA with an agreement and policies for two transportation vendors. In addition, CHCC noted that contracts with two hotel vendors are currently being routed for review and signature. Currently, the hotel vendors are charging CHCC on a monthly basis to avoid disruption of patient care.

06/30/23 – Contracts and/or agreements with hotels for blocked rooms have been terminated in Guam, Honolulu, California. HNP provides payment via credit card to hotel vendors as rooms are booked.

12/31/23 – CHCC provided OPA with copies of termination letters for the previously executed contracts with the former MRSO office. In addition, CHCC has also provided OPA with documents indicating subscriptions to hotel membership programs that allow CHCC to benefit from exclusive discounted rates. CHCC also provided an explanation of how the current process for booking hotel rooms with vendors is allowable within CHCC’s procurement regulations.

Agency Proposed
Completion Date:

No response

Status:

Unresolved

OPA Note:

OPA will coordinate with CHCC to schedule follow-up procedures before the next reporting period.

Recommendation 3: Implement standard operating procedures to ensure proper reconciliation of all vendor billings and payments.

Corrective Action: 09/03/21 – CHCC initial response to audit report – CHCC is unable to address this finding on internal control as the repeal of subsection (v) of 3 CMC § 2824 by PL 19-78 took away CHCC’s specific authority to adopt regulations when off-island care is necessary and appropriate.

12/31/21 – No response.

STATUS OF AUDIT RECOMMENDATIONS

06/15/22 – The vendor billings and payments are now processed within the CHCC accounting operations. Like the billings and payment for other hospital vendors, MRSO billings, payments, and reconciliation must adhere to the same policies and procedures.

12/20/22 – CHCC provided OPA with a memorandum pertaining to the Medical Referral Service's (MRS) organizational structure and a copy of the MRS organizational chart.

06/30/23 – Vendor billings and payments are processed within the CHCC Accounting operations. Like hospital vendors, HNP vendor billing and payments adhere to the standard CHCC accounting policies.

12/31/23 – CHCC provided OPA with a copy of its Operating Policy for Accounts Payable Processing and Approval process.

Agency Proposed
Completion Date:

Completed

Status:

Resolved

OPA Note:

Based on follow-up procedures performed, HNP vendor billings and payments are processed in accordance with CHCC's Operating Policy for Accounts Payable Processing and Approval. A copy of the policy was provided; therefore, OPA considers this recommendation resolved.

Recommendation 5: Implement standard operating procedures to ensure fair and equitable assessment of patient and escort eligibility in compliance with the applicable requirements established in MRSO's laws and internal policies.

Corrective Action: 09/03/21 – CHCC initial response to audit report – CHCC is unable to address this finding on internal policies as the repeal of subsection (v) of 3 CMC § 2824 by PL 19-78 took away CHCC's specific authority to adopt regulations when off-island care is necessary and appropriate.

12/31/21 – No response.

06/15/22 – The escort eligibility is already provided for in the established MRSO's regulations (Chapter 75-50): § 75-50-320, Subsection (b) "Patient Escorts: Family or Friend Escorts." Standard Operating Procedures are developed and are being reviewed by all stakeholders to ensure compliance with the regulations.

12/20/22 – The CHCC Medical Referral Program developed a "Heath System Network Program Patient Family or Other Designated Escort" operating policy. The policy outlines the established guidelines of both medical and non-medical escorts that provide support to medical referral patients. The operating policy defines the process and requirements for the designation of a referral escort and includes documentation outlining an agreement of responsibility by both the patient and the escort. Additionally, the policy includes a "Medical Referral Appointment of Healthcare Representatives Form" that appropriately designates a healthcare representative in the event the medical referral patient is unable or incapable of communicating and/or making independent healthcare decisions. The operating policy is in the process of final review and implementation as of 12/19/22.

06/30/23 – The CHCC Health Network Program implemented internal policies applicable to Title 75-50 to ensure an efficient and effective operation. (3275: PROCESS, 3276: ELIGIBILITY, 3278: PATIENT FAMILY OR OTHER DESIGNATED ESCORT, 3279: EXCLUSIONS).

STATUS OF AUDIT RECOMMENDATIONS

12/31/23 – Although we have not adopted new regulations, pursuant to Public Law 22-33 sec 2839 (e), all rules, regulations, orders, contracts, and agreements relating to the off-island Medical Referral Program that were lawfully or in good faith adopted prior to the effective date of this Act shall continue to be effective until revised, amended, repealed, or terminated at the discretion of the Commonwealth Healthcare Corporation. CHCC Management believes that the regulations codified under Title 75 allow CHCC to carry out the mandates of HNP within the limited allocated resources.

Agency Proposed
Completion Date:

Completed

Status:

Resolved

OPA Note:

Based on follow-up procedures performed, patient and escort eligibility were processed in accordance with CHCC's Operating Policy for the Health System Network Program Process and CHCC Directive 23-002. A copy of the policy and directive were provided; therefore, OPA considers this recommendation resolved.

Recommendation 6: Negotiate and establish an agreement with applicable travel agencies to ensure cost-effective airfare rates for patients and escorts.

Corrective Action: 09/03/21 – CHCC's initial response to the audit report – CHCC did not comment on corrective action for the above recommendation.

12/31/21 – No response.

06/15/22 – Selection for the travel agency requires adherence to the same CHCC standard operating procedures for recruitment, repatriation, and staff training/meeting travels, which requires the selected to provide the lowest-priced available economy fare.

12/20/22 – CHCC provided OPA with a Memorandum pertaining to staff medical escorts for medical referral patients.

06/30/23 – CHCC arranges all airfare travel bookings directly with airlines as of March 2023, giving the best options for rate and availability. This cost-effective arrangement requires less use of travel agents, and a contract with them would not be beneficial.

12/31/23 – While we understand the potential benefits of negotiating agreements with travel agencies for cost-effective rates, we would like to respectfully express our disagreement with this recommendation.

Upon careful consideration, purchasing tickets directly through the airlines offers certain advantages in terms of cost efficiency and transparency. Direct transactions with airlines often provide a clearer breakdown of costs, allowing for better scrutiny and control over expenses. Furthermore, by dealing directly with airlines, we may be able to take advantage of exclusive promotions, discounts, or loyalty programs that could result in additional cost savings.

In addition to potential cost benefits, direct dealings with airlines can also streamline the process, reducing administrative overhead and minimizing the chances of miscommunication or errors that can sometimes occur when involving third-party intermediaries.

Agency Proposed
Completion Date:

No response

STATUS OF AUDIT RECOMMENDATIONS

Status: Unresolved

OPA Note: Based on follow-up procedures, airfare bookings were not consistent with CHCC's Operating Policy for the Health System Network Program Process. Therefore, OPA considers this recommendation unresolved. OPA will follow up on CHCC's progress toward addressing the recommendation in the next reporting period.

Department of Finance – Hotel Occupancy Tax

Report No. 20-07, Issued September 2, 2020
Department of Finance, Division of Revenue and Taxation
Audit of the Division of Revenue and Taxation Hotel Occupancy Tax

Recommendation 1: Adopt regulations which interpret the Hotel Occupancy Tax (HOT) Law’s use of the term *accommodations* and enable the Division of Revenue and Taxation’s (DRT) uniform enforcement of HOT.

Corrective Action: 08/26/20 – DRT adopted updated regulations in July 2020 but did not include regulations specific to HOT. DRT will draft proposed HOT regulations, which will consist of audit procedures for adoption by October 1, 2020.

02/24/21 – DRT is currently developing draft regulations for review and approval. DRT has determined that audit procedures will be for internal use only and not for publication. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – The legal counsel for DRT had a discussion with the auditors assigned to this. Legal counsel explained that changing regulations was not necessary. The statutory language was sufficient and would not hinder enforcement in any way.

12/31/23 – No response.

Agency Proposed
Completion Date: No response

Status: Unresolved

OPA Note: OPA will follow up on DOF-DRT’s progress toward addressing the recommendation in the next reporting period.

Recommendation 2: Adopt a procedures manual for auditing HOT.

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag suspicious activity in the HOT database. Additionally, DRT will include an audit procedure manual in the proposed HOT regulations for adoption by October 1, 2020.

02/24/21 – Programming development is ongoing. A draft procedure manual is being developed for review and approval and for internal use only. The draft procedure manual will not be published. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

STATUS OF AUDIT RECOMMENDATIONS

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – Procedural manual development is ongoing.

12/31/23 – No response.

Agency Proposed
Completion Date:

09/2023

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Recommendation 3: Conduct tax audits of HOT that involve examinations of Operator revenue records.

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag suspicious activity in the HOT database. Additionally, DRT will include an audit procedure manual in the proposed HOT regulations for adoption by October 1, 2020.

02/24/21 – Programming development is ongoing. A draft procedure manual is being developed for review and approval and for internal use only. The draft procedure manual will not be published. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – Procedural manual development is ongoing.

12/31/23 – No response.

Agency Proposed
Completion Date:

09/2023

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Recommendation 4: Implement procedures using the automation capabilities of the tax system for initiating tax audits of HOT.

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag suspicious activity in the HOT database. Additionally, DRT will include an audit procedure manual in the proposed HOT regulations for adoption by October 1, 2020.

STATUS OF AUDIT RECOMMENDATIONS

02/24/21 – Programming development is ongoing. A draft procedure manual is being developed for review and approval and for internal use only. The draft procedure manual will not be published. The Proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – The Revenue Management Information System (RMIS) is being developed. This will replace our current tax system. The flagging of suspicious activities will be implemented and automated in the Examination Module of the RMIS.

12/31/23 – No response.

Agency Proposed
Completion Date:

12/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Recommendation 5: Implement procedures using the automation capabilities of the tax system to routinely identify non-filings or non-filers of HOT and Business Gross Revenue Tax (BGRT).

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag non-filings of HOT (Form OS-3300) based on revenues reported in the BGRT (Form OS-3105) tax activity codes. DRT would like to note that the lack of resources has hindered the Compliance Branch from immediately notifying taxpayers of non-filings. Lack of resources includes adequate staffing, mailings, postage, and other necessary requirements to send out notices immediately and consistently. Additionally, DRT has found that a compliance review prior to a business license renewal has been effective at encouraging taxpayers to remit full payment of tax dues to receive a license. Because our tax structure is built on voluntary timely reporting of business revenues, penalties and interest on a tax balance, and other collections actions, they are usually effective deterrents to late filing. DRT is also aware of the lack of taxpayer education and knowledge on tax preparation, which could be the cause of improper reporting. Thus, DRT will also be developing guidance for proper HOT reporting to be issued with new or renewed business licenses for relevant tax activities.

02/24/21 – Program development and finalization of taxpayer guidance are ongoing. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

STATUS OF AUDIT RECOMMENDATIONS

06/30/23 – The automated capability to identify non-filers of HOT who have filed BGRT is part of the implementation plan for the RMIS.

12/31/23 – No response.

Agency Proposed
Completion Date:

12/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Recommendation 6: Implement procedures for staff to immediately notify and request Operators to file all missing HOT and BGRT filings.

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag non-filings of HOT (Form OS-3300) based on revenues reported in the BGRT (Form OS-3105) tax activity codes. DRT would like to note that the lack of resources has hindered the Compliance Branch from immediately notifying taxpayers of non-filings. Lack of resources includes adequate staffing, mailings, postage, and other necessary requirements to send out notices immediately and consistently. Additionally, DRT has found that a compliance review prior to a business license renewal has been effective at encouraging taxpayers to remit full payment of tax dues to receive a license. Because our tax structure is built on voluntary timely reporting of business revenues, penalties and interest on a tax balance, and other collections actions, they are usually effective deterrents to late filing. DRT is also aware of the lack of taxpayer education and knowledge on tax preparation, which could be the cause of improper reporting. Thus, DRT will also be developing guidance for proper HOT reporting to be issued with new or renewed business licenses for relevant tax activities.

02/24/21 – Program development and finalization of taxpayer guidance are ongoing. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – DRT currently does not have the capacity to notify all non-filers immediately. However, the RMIS will replace the current tax system and have the capability to streamline mail notifications with the development of our Mail Center Module.

12/31/23 – No response.

Agency Proposed
Completion Date:

02/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

STATUS OF AUDIT RECOMMENDATIONS

Recommendation 7: Formally require Operators to report revenues that are subject to both HOT and BGRT under a specific business activity code(s) in the monthly BGRT form.

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag non-filings of HOT (Form OS-3300) based on revenues reported in the BGRT (Form OS-3105) tax activity codes. DRT is also aware of the lack of taxpayer education and knowledge on tax preparation, which could be the cause of improper reporting. Thus, DRT will also be developing guidance for proper HOT reporting to be issued with new or renewed business licenses for relevant tax activities.

02/24/21 – Program development and finalization of taxpayer guidance are ongoing. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – DRT plans to replace the Tax Activity Code with the North American Industry Classification Code (NAICS) when filing BGRT. DRT will assign an NAICS to every licensed business, which will be used when filing their tax returns. This will accurately determine business activities that are subject to HOT.

12/31/23 – No response.

**Agency Proposed
Completion Date:**

02/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Recommendation 8: Implement the automation capabilities of the tax system to streamline the verification of revenues reported in HOT and BGRT forms.

Corrective Action: 08/26/20 – To address this finding, DRT will work with the tax system developers to mimic the income tax matching process to flag non-filings of HOT (Form OS-3300) based on revenues reported in the BGRT (Form OS-3105) tax activity codes. DRT is also aware of the lack of taxpayer education and knowledge on tax preparation, which could be the cause of improper reporting. Thus, DRT will also be developing guidance for proper HOT reporting to be issued with new or renewed business licenses for relevant tax activities.

02/24/21 – Program development and finalization of taxpayer guidance are ongoing. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

STATUS OF AUDIT RECOMMENDATIONS

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – The implementation of the NAICS into the BGRT and the development of the RMIS will help to flag non-filers of HOT through the NAICS used on BGRT filings. The RMIS is in development.

12/31/23 – No response.

Agency Proposed
Completion Date:

12/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Recommendation 9: Promptly review the rules and regulations, and laws that impact DRT's enforcement of the HOT Law and implement appropriate procedures for uniformly enforcing business license requirements and the HOT Law on all operations of short-term lodging, including operations conducted at private residences.

Corrective Action: 8/26/20 – DRT will seek legal guidance on laws that impact enforcement procedures where Bed and Breakfasts and related business activities are located on private residential properties.

02/24/21 – The development of enforcement procedures is ongoing and will be for internal use only. The proposed completion date is September 30, 2021.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – The Enforcement & Regulator Branch has been relying on the cash receipt regulations as a means of identifying non-compliant operators. In order to improve enforcement, DRT has proposed legislation. However, it has yet to be passed.

12/31/23 – No response.

Agency Proposed
Completion Date:

No response

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-DRT's progress toward addressing the recommendation in the next reporting period.

Department of Finance – CNMI Government Travel Policy

Report No. 20-06, Issued August 18, 2020

Department of Finance

Audit of the CNMI Government Travel Policy

Recommendation 1: Adopt a uniform travel policy by regulation and restrict the purchase of first class, business class, or any other premium class designation as required by the law.

Corrective Action: Letter dated 01/15/21 – The Department of Finance (DOF) informed OPA that the proposed Uniform Travel Policy was published in the Commonwealth Register on September 28, 2020 (Vol. 42, No. 09), and has yet to reach the official website of the CNMI Law Revision Commission. The DOF Travel Section, key management, and staff have been notified of the promulgation of the Uniform Travel Policy for adoption. DOF will continue to work alongside all relevant agencies for consistent implementation of the newly established policy. Further, DOF hopes that with the promulgation of the Uniform Travel Policy, all travel processes for the Commonwealth Government employees are consistent with all applicable laws and allow for the most economical use of government resources all while preventing fraud, waste, and abuse. The travel regulations were adopted on 10/28/2020.

03/11/21 – OPA noted that the travel regulations do not appear to explicitly prohibit the purchase of an airline ticket for travel in first class, business class, or any other premium class designation as required by 1 CMC § 7407(f).

06/30/21 – DOF agrees with this finding. We are in the process of amending the language of the travel regulations to specifically prohibit the purchase of non-economy travel tickets and to prevent any ambiguity. The proposed completion date is 09/30/21.

12/31/21 – DOF has not amended the travel regulations to prohibit first-class travel. DOF informed OPA that they will update the travel regulations by January 07, 2022.

06/30/22 – No response.

12/31/22 – No response.

06/30/23 – No response.

12/31/23 – No response.

**Agency Proposed
Completion Date:**

No Response

Status:

Unresolved

OPA Note:

OPA was unable to locate any publication of proposed amendments to the travel regulations within the Commonwealth Register as of 12/31/23. OPA will follow up on DOF’s progress toward addressing the recommendation in the next reporting period.

Recommendation 3: OPA recommends that the Legislature review current travel laws and address any conflicts over official government travel.

Corrective Action: 11/16/21 – Response from the Office of the Senate President – Senate Bill 22-65 was referred to the Senate Committee on Judiciary, Government, Law, and Federal Relations

STATUS OF AUDIT RECOMMENDATIONS

on October 12, 2021. The Committee requested public comment on Senate Bill 22-65 on October 28, 2021. Senate Rule 7 Section 8 requires the Committee to submit its report no later than December 11, 2021.

06/07/22 – Senate Bill 22-65 was passed by the Senate and was transmitted to the House. The Speaker referred the bill to the House JGO Committee on February 22, 2022. The House Status Table indicates the JGO Committee deadline to take action is April 23, 2022. However, Senate Bill 22-65 is still pending action from the JGO committee as of today.

12/06/22 – The proposed legislation, SB No. 22-65, is still pending action by the House.

05/15/23 – Senate Bill (SB) 22-65 was introduced by the author, Senator Jude U. Hofschneider, on October 7, 2021. The bill was subsequently referred to the Senate Judicial and Governmental Law (JGL) and Federal Relations (FR) Standing Committee. The Senate JGL and FR Standing Committee provided its Standing Committee Report (SCR) No. 22-60 dated January 24, 2022, which the Senate adopted and passed SB 22-65 on February 03, 2022. On February 4, 2022, the Senate Clerk transmitted to the House SB 22-65 for their action. SB 22-65 was subsequently referred to the House Judicial and Governmental Operations (JGO) Standing Committee on February 22, 2022, with a deadline of April 23, 2022. Our review of this particular bill at the House resulted in no action taken/no Committee work and was filed on January 3, 2023. This bill has now been reintroduced as SB 23-39 and has been pre-filed as of May 5, 2023, authored by Senator Jude U. Hofschneider.

12/31/23 – Response from the Office of the Senate President – Senate Bill 23-39 remains in the House JGO committee without any action taken since referral from the Senate after its Senate passage on June 23, 2023. Please note for audit resolution that there have been numerous follow-ups with the Speaker's Office by my office on this legislation, the latest being December 7, 2023, with the House JGO Chairwoman.

Response from House JGO Chairwoman – Senate Bill 23-29 is currently under review and is a work in progress.

Agency Proposed
Completion Date:

No Response

Status:

Unresolved

OPA Note:

OPA will follow up on the Legislature's progress toward addressing the recommendation in the next reporting period.

Department of Finance – Government Vehicles

Report No. 20-03, Issued February 26, 2020

**Department of Finance, Division of Procurement and Supply
Audit of Government Vehicles**

- Recommendation 1:** The Department of Finance’s Division of Procurement and Supply (DOF-P&S) should:
- (a) Enforce its Property Management Policies and Procedures to ensure the accuracy and completeness of records, such as:
 - review and reconcile inventory records on the JDE System;
 - conduct annual physical inventory; and
 - perform random audits to validate the integrity of the property control process.
 - (b) Provide adequate training to staff to ensure that staff are knowledgeable of the laws, regulations, policies, and procedures as they relate to their duties and responsibilities.

Corrective Action: 02/14/20 – DOF-P&S's initial response to the audit report – Staff has started reconciling the vehicle information database/spreadsheet to ensure accurate and updated information. We have recently been awarded federal grants to address similar issues with our fixed asset inventory, and this will allow us to obtain the necessary resources and capacity to conduct physical inventory and provide the verification of our records.

06/30/20 – Response did not provide any significant update.

12/31/20 – Based on OPA’s interviews with DOF-P&S staff on 12/03/20, DOF-P&S was unable to address the recommendation due to their prioritization of the Governor’s Directive No. 2020-006 dated 04/27/20. The directive instructed DOF-P&S to assist with addressing the fixed asset inventory findings of the CNMI Single Audit to maintain access to awarded and future federal grants. DOF-P&S informed OPA that they would resume their efforts toward addressing the recommendation as soon as they fulfilled the directive.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – Review and reconcile inventory records on the JDE system: DOF-P&S is currently working on the Governor’s Directive No. 2020-006 dated 04/27/20 Fixed Asset Inventory Resolution. In accordance with this project, DOF-P&S has distributed master inventory lists to all agencies for the purpose of conducting an in-house physical inventory. Upon completion of the in-house physical inventory, Procurement and Supply shall review and reconcile all findings. This has been completed for 21 agencies, and we are awaiting responses from those who have not submitted their inventory report.

Conduct annual physical inventory: The Procurement and Supply Property Management Policies and Procedures were amended, and the following instructions were given: “We will conduct inventories differently; persons accountable for property will actually perform the annual physical inventory of property under their control based upon printouts furnished by P&S” (attached for reference), DOF-P&S has furnished inventory lists for all CNMI government agencies in accordance with the Governor’s Directive No. 2020-006 Fixed Asset Inventory Resolution. It is the responsibility of each agency to complete the in-house physical inventory and submit their findings to P&S for the purpose of reconciliation.

STATUS OF AUDIT RECOMMENDATIONS

Perform random audits to validate the integrity of the property control process: DOF-P&S is conducting random audits in accordance with the Governor's Directive No. 2020-006 Fixed Asset Inventory Resolution. P&S has reconciled all completed in-house physical inventory findings and has prepared random audits for each agency to test the accuracy of their results. This is in line with OPA's request to conduct random audits validating the integrity of the property control process.

Concerning Government Vehicles specifically: Currently, 85% of the government vehicles listed in the JDE inventory pulled during the originally requested year of 2020 have been accounted for. 15% of Government Vehicles are outstanding, and we have attached the list of items in question for your reference. P&S will continue to follow up with these agencies concerning these vehicles.

Provide adequate training to staff to ensure that staff are knowledgeable of the laws, regulations, policies, and procedures as they relate to their duties and responsibilities. All P&S staff have been provided a copy of the Procurement and Supply Property Management Policies and Procedures Handbook. P&S staff are trained to follow these policies and procedures while performing their duties and to reference the handbook or seek assistance from peers and/or staff in more senior positions should they have any questions. This is reinforced daily by supervisors.

12/31/22 – No response.

06/30/23 – Review and reconciliation of Property Management Branch Records is ongoing on both the JDE and Munis Financial Systems. In April 2023, the Division re-established communications with several outstanding agencies and will continue to work with other instrumentalities to properly account for the items in their possession. Random Inventory Inspections will commence in August 2023, with a report to be provided by October 2023 highlighting ongoing/completed efforts. Staff training is a high priority for the Division, and we are working closely with the SOF to ensure that staff are properly equipped with the knowledge and information to perform their duties. The random audits, slated for August, will better inform the Division of shortfalls and unmet needs that can further support the requirements for training not yet identified.

12/31/23 – (a) The Division, through the issuance of Procurement Memo 23-02 and in coordination with the Office of the Secretary of Finance, is working collaboratively with all government instrumentalities to properly address long-standing delays associated with the disposal of assets and property under the authority of the CNMI Government. To this end, the Division has issued a notice to all Government agencies of the requirements to properly account for items under their purview. Additionally, the Division is progressing towards fully validating the current inventory listing provided by expenditures with existing listings pulled from both JDE and Munis. It is the intent of the Division to combine all assets under Munis, given the shortfall from a previous contract that was meant to conduct this effort in the prior fiscal year.

(b) Staff have grown tremendously throughout FY 2023, becoming more adept in their understanding of Procurement Regulations specific to Property Management, in addition to the policies and procedures necessary. The newly completed Administrative Manual references the existing Policies and Procedures as an addendum within the new documents for internal use only.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

STATUS OF AUDIT RECOMMENDATIONS

OPA Note: OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 2: DOF-P&S should:

- (a) Monitor or enforce agencies' compliance with laws and regulations pertaining to government vehicles;
- (b) Hold agencies accountable for properties in their control; and
- (c) Make a determination whether "factory tint" is allowable under 1 CMC § 7406(e). This may include obtaining clarification from the Office of the Attorney General or the Legislature.

Corrective Action: 02/14/20 – DOF-P&S's initial response to the audit report – Staff are reviewing the pertinent laws, rules, and regulations of property management. The Division is working to procure a stencil machine to properly mark government vehicles before being released to the individual agency. As part of our goals for FY 2021, we endeavor to implement a more user-friendly and efficient system by formulating standard operating procedures and user-friendly forms for government offices and agencies to comply with. We also plan to revise current laws and regulations with consultation from the Office of the Attorney General, if necessary, to meet the demands of the current work environment while still maintaining controls to ensure public accountability.

06/30/20 – No response.

12/31/20 – Based on OPA's interviews with DOF-P&S staff on 12/03/20 and 12/15/20, DOF-P&S was unable to address the recommendation due to their prioritization of the Governor's Directive No. 2020-006 dated 4/27/20. The directive instructed DOF-P&S to assist with addressing the fixed asset inventory findings of the CNMI Single Audit to maintain access to awarded and future federal grants. DOF-P&S informed OPA that they would resume their efforts toward addressing the recommendation as soon as they fulfilled the directive.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – Monitor or enforce agencies' compliance with laws and regulations pertaining to government vehicles: DOF-P&S continues to follow laws and regulations regarding government vehicle purchases and operations. Vehicles will continue to be received, tagged, and distributed per Procurement and Supply Property Management policies. All vehicle information is recorded and assigned a specific tag number. Additionally, tag numbers are spray-painted on the outside of the vehicle for identification purposes.

Hold agencies accountable for properties in their control: DOF-P&S plans to conduct random vehicle inventory audits for each department, which includes conducting a physical inventory and/or vehicle inspection when necessary. P&S possesses all records of government vehicles operated by the government and will use this information when conducting a physical inventory of these assets. This process will be used to ensure property control standards are upheld.

Make a determination whether "factory tint" is allowable under 1 CMC § 7406(e). This may include obtaining certification from the Office of the Attorney General or the Legislature. This recommendation is under further review. P&S will contact the Legislature and/or the Office of the Attorney General to inquire about the status of factory tint on vehicles purchased for the CNMI Government.

STATUS OF AUDIT RECOMMENDATIONS

12/31/22 – No response.

06/30/23 – (a) The Division continues to enforce compliance with all rules and regulations governing the acquisition and control of property belonging to the CNMI Government. Agencies not in compliance have been given notice of the requirement and that further actions may be required for those found unwilling to comply. (b) The Division continues to hold agencies accountable for the properties under their control. While no recessions have taken place, all agencies engaged have expressed their willingness to work with the Division and comply with stated rules and regulations. (c) The Division will seek the support of the AG's Office in determining the validity of tinting on Government Vehicles. The identified section also conflicts with existing Government Vehicle Regulations, requiring further clarity from the Attorney General.

12/31/23 – (a) The Division continues to enforce the laws and regulations governing Government Vehicles. Those not in compliance maintained a working effort towards addressing shortfalls associated with their government vehicle. (b) While no recessions have taken place, several internal inquiries remain open, prompting the division to take action should a remedy not be identified within a reasonable timeframe. (c) The Division has submitted a Legal Services Request to the Office of the Attorney General seeking clarification on "factory tint," given its standard use on vehicles today. The Division will provide an update regarding this finding once an opinion has been rendered by the Attorney General and notification received by the Division.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Department of Finance – CNMI Government Fuel Contract

Report No. 20-02, Issued January 28, 2020
Department of Finance, Division of Procurement and Supply
Audit of the CNMI Government Fuel Contract

Recommendation 1: Adopt, implement, and communicate standard operating policies and procedures (SOPs) for the issuance, renewal, and cancellation of fuel cards.

Corrective Action: 01/20/20 – DOF-P&S's initial response to the audit report – The DOF will periodically inform agency heads of the process to obtain fuel cards. Additionally, discussions with the vendor will be ongoing for valid fuel card issuance to ensure that agencies are not circumventing DOF. Also, updates to our procurement systems and processes are currently undergoing major review to ensure that fuel purchases and mechanisms are updated and controlled. In the near future, DOF plans to account for expenditures directly in real-time and make individual agencies and cardholders more responsible.

06/30/20 – Response did not provide any significant update.

12/31/20 – Based on OPA’s interviews with DOF-P&S staff on 12/03/20 and 12/15/20, DOF-P&S is working on an SOP for all fuel cards and will implement it before the next fuel contract is executed. Additionally, DOF-P&S will communicate the requirements of the SOP by including it in the next Invitation to Bid.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – DOF-PS is currently working on an SOP for the proper handling of all fuel cards and will implement it as soon as it is completed. This SOP will include instructions on how employees can request, obtain, use, and return fuel cards, as well as contain policies they must abide by in order to ensure that such privileges are used for the function of DOF-PS only.

12/31/22 – No response.

06/30/23 – A team comprised of the SPOC, in addition to several members from the Property Management Branch, have assembled a draft that is currently under review. Upon satisfying this review, the Operating Guidelines will be further incorporated into the Government Vehicle Regulations and communicated to all government entities to comply with future fuel card requests.

12/31/23 – The draft document alluded to in Procurement's June 2023 update has been reviewed and adopted by the Division for continued implementation. All Agencies are familiar with the request for fleet cards to include renewals and cancellations. Personnel are familiar with the process and able to support agencies who inquire. The division will continue with implementation and conduct sporadic reviews to determine the effectiveness of the existing course or whether amending procedures would accommodate stronger internal processes.

Agency Proposed
Completion Date: June 2024

Status: Unresolved

STATUS OF AUDIT RECOMMENDATIONS

OPA Note: OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 2: Maintain a listing of all fuel cards.

Corrective Action: 01/20/20 – DOF-P&S's initial response to the audit report – DOF will periodically inform agency heads of the process to obtain fuel cards. Additionally, discussions with the vendor will be ongoing for valid fuel card issuance to ensure that agencies are not circumventing DOF. Also, updates to our procurement systems and processes are currently undergoing major review to ensure that fuel purchases and mechanisms are updated and controlled. In the near future, DOF plans to account for expenditures directly in real-time and make individual agencies and cardholders more responsible.

06/30/20 – Response did not provide any significant update.

12/31/20 – During OPA's interviews with DOF-P&S staff on 12/03/20 and 12/15/20, DOF-P&S informed OPA that they started tracking the fuel cards and provided copies of their listings for active and surrendered/returned fuel cards. However, OPA noted that DOF-P&S has not completely verified its listings' accuracy against the fuel suppliers' records.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – DOF-PS has a listing of all active and inactive fuel cards containing the card numbers, agency or departments, issue dates, expiration dates, and license plate numbers of the vehicles. The list is in use and is currently being updated.

12/31/22 – No response.

06/30/23 – DOF-PS has a listing of all active and inactive fuel cards containing the card numbers, agency or departments, issue dates, expiration dates, and license plate numbers of the vehicles. The list is in use and is currently being updated. This listing will be uploaded to the DOF Cloud, and access will be provided to pertinent Division Staff.

12/31/23 – Pertinent Staff familiar with the Fuel Card Request process are actively engaged in maintaining and updating the existing list of Government Fuel Cards and associated Vehicles from each respective department. The Division will conduct quarterly reviews of existing practices to determine their effectiveness and make recommendations where needed to provide for more seamless processing within the agency.

Agency Proposed
Completion Date:

June 2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 3: Replace all corporate cards with fleet cards until DOF develops and implements controls, including monitoring controls, over the government's use of corporate cards.

Corrective Action: 01/20/20 – DOF-P&S's initial response to the audit report – DOF will periodically inform agency heads of the process to obtain fuel cards. A memo has previously been issued to

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remind heads of agencies that all corporate cards must be approved by the Secretary of Finance to ensure that operations work efficiently with proper management of receipts from such fuel purchases. Moreover, updates to our procurement systems and processes are currently undergoing major review to ensure that fuel purchases and mechanisms are updated and controlled. In the near future, DOF plans to implement a P-card program that will allow DOF more control measures to directly account for expenditures in real time and make individual agencies and cardholders more responsible.

06/30/20 – Response did not provide any significant update.

12/31/20 – Based on OPA’s interviews with DOF-P&S staff and review of relevant documentation on 12/03/20 and 12/15/20, DOF has issued memos in 2020 for all department and activity heads to surrender and prohibit the use of corporate cards. Although DOF-P&S has begun actively retrieving corporate cards, OPA noted that several agencies are currently authorized to use corporate cards according to DOF-P&S’ listings.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – Memorandum SFM2020-136 was issued as a notice to all department & activity heads on June 29, 2020, from the Secretary of Finance as a request to surrender and prohibit the use of government-corporate cards. PS is currently in the process of replacing all corporate cards with fleet cards.

12/31/22 – No response.

06/30/23 – All corporate cards have been replaced with fleet cards, pending one government entity. Internal controls are being examined to determine their effectiveness and continued use, with several amendments currently proposed to address factors not accounted for in the existing regulations. The controls will be communicated with the SOF and finalized by the end of this fiscal year.

12/31/23 – The pending agency has recently submitted all pending corporate cards and is in the process of replacing these cards with fleet cards pursuant to audit findings. The SOF retains the authority to issue corporate cards; however, no circumstance we have encountered has warranted such action. The Division will continue to enforce fleet cards for all government vehicles as required and ensure that internal controls are closely monitored.

Agency Proposed
Completion Date:

June 2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS’ progress toward addressing the recommendation in the next reporting period.

Recommendation 4: Develop procedures to (a) evaluate the Contractor’s compliance with the Fuel Contract, (b) adequately review billings, (c) monitor the effectiveness of controls, and (d) properly tag and label government gas containers.

Corrective Action:

01/20/20 – DOF-P&S's initial response to the audit report – DOF will periodically inform agency heads of the process to obtain fuel cards. Additionally, discussions with the vendor will be ongoing for valid fuel card issuance to ensure that agencies are not circumventing

STATUS OF AUDIT RECOMMENDATIONS

DOF. Updates to our procurement systems and processes are currently undergoing major review to ensure that the fuel purchases and mechanisms are updated and controlled. In the near future, DOF plans to implement a P-card program that will allow DOF more control measures to directly account for expenditures in real time and make individual agencies and cardholders more responsible.

06/30/20 – No response.

12/31/20 – During OPA's interview with DOF-P&S staff on 12/03/20 and 12/15/20, OPA was informed that DOF-P&S' revisions to the fuel contract and the adoption of its SOP, once completed, may address the recommendation.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – Evaluate the Contractor's compliance with the Fuel Contract – The contractor is aware of the Fuel Contract Agreement and must abide by the terms and conditions set forth in the Contract. The memorandum issued on June 29, 2020, also instructs department heads and agencies that fleet cards cannot be issued directly from the contractor without the approval of the Acting Director of Procurement Services. Since the Memorandum was issued, no violations of the contract have been found on behalf of the contractor.

Adequately review billings – Moving forward, PS will concentrate more on its review for any infractions on fuel billings by the Purchasing section.

Monitor the effectiveness of controls – The monitoring of the effectiveness of controls will be practiced after all recommendations have been implemented and the SOP has been finalized and put into place.

Properly tag and label government gas containers – Moving forward, P&S shall ensure that gas containers purchased by the government are assigned a tag number. P&S will pull inventory information to find the gas containers currently in use and assign tag numbers to each item for tracking purposes.

12/31/22 – No response.

06/30/23 – (a) The Division has found the contractor to be in compliance with the Fuel Contract based on our ongoing engagements. Any issues that arise from the contract are raised with the Division and addressed accordingly. (b) The Division, in coordination with the SOF, has developed a course of action aimed toward reviewing and addressing outstanding billings with Government Agencies and suspending services where concerns arise. (c) While the existing course of action addresses our immediate needs, a longer-term solution that will ensure long-term compliance with our Fuel Contract is still being discussed. (d) In spite of reservations from elected officials, the Division continues to tag and label gas containers belonging to the CNMI Government. This tagging will continue until such time the Division is satisfied with agency compliance and adherence to this recommendation.

12/31/23 – (a) Subject to this inquiry, the Division initiated a review of the existing fuel contract and associated documentation as it pertains to vendor compliance. Through this review, several areas of concern were identified, including the existing process whereby cards are printed and sent from off-island, leaving pending agencies at the will of the post office. (b) The Division plans to sit with the vendor and determine a course that would

STATUS OF AUDIT RECOMMENDATIONS

create more efficiency for both parties. (c) Review of existing internal controls has identified several minor adjustments that the contractor has expressed their willingness to address collaboratively. (d) All government gas containers are being tagged and a listing is monitored regularly by the Vehicle Fleet Section within the Division. While a majority of issues have been addressed, the Division believes this item should remain open until such time that the Division and Vendor have established a stronger method of addressing deficiencies. The Division looks to provide closure to this outstanding item by June 2024.

Agency Proposed
Completion Date:

06/2024

Status:

Unresolved

OPA Note:

OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Recommendation 5: DOF communicate provision of the Fuel Contract and require agencies to adopt the above procedures (see recommendation 4).

Corrective Action:

01/20/20 – DOF-P&S's initial response to the audit report – DOF will periodically inform agency heads of the process to obtain fuel cards. Additionally, discussions with the vendor will be ongoing for valid fuel card issuance to ensure that agencies are not circumventing DOF. Updates to our procurement systems and processes are currently undergoing major review to ensure that the fuel purchases and mechanisms are updated and controlled. In the near future, DOF plans to implement a P-card program that will allow DOF more control measures to directly account for expenditures in real time and make individual agencies and cardholders more responsible.

06/30/20 – No response.

12/31/20 – During OPA's interviews with DOF-P&S staff on 12/03/20 and 12/15/20, OPA was informed that DOF-P&S' revisions to the fuel contract and the adoption of its SOP, once completed, may address the recommendation. Once finalized, DOF-P&S plans to email the revised fuel contract and SOP to all agency heads so that agencies are informed of the contract provisions and requirements of the SOP.

06/30/21 – No response.

12/31/21 – No response.

06/29/22 – PS will communicate the provisions of the fuel contract once the SOP is finalized and approved for distribution.

12/31/22 – No response.

06/30/23 – PS will be disseminating several informational sessions to apprise all government entities who are availing of the CNMI Fuel Contract of the modifications made to our existing program. Currently, the Fuel and Fleet Card Operating Manual is under revision, capturing the additional provisions deemed necessary for a proper span of control to ensure that proper checks and balances are afforded to the document. Once completed, PS will communicate to issue this information through bulletins/memos, providing an e-copy to all entities under the CNMI Fuel Contract, and lastly, a webinar video that looks to highlight the changes and what the expectation from Procurement will be in the years to come.

STATUS OF AUDIT RECOMMENDATIONS

Agency Proposed
Completion Date: 12/31/23 – No response.
01/2024

Status: Unresolved

OPA Note: OPA will follow up on DOF-PS' progress toward addressing the recommendation in the next reporting period.

Commonwealth Election Commission – Ballot Accountability

Report No. 19-04, Issued June 18, 2019

Commonwealth Election Commission

Inspection of the CEC Ballot Accountability for the 2018 General Election

Recommendation 1: Adopt a system that documents the chain of custody of the ballot stock, including receipt, control, transfer, and distribution of the ballots.

Corrective Action: 12/31/20 – The Commonwealth Election Commission (CEC) implemented the use of the Chain of Custody Security Log Sheet, including the Ballot Control Sheet and Ballot Inventory Sheet for poll workers. However, to date, CEC is currently reconciling the ballot inventory, and we are about 80% completed.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

05/09/23 – CEC intends to designate two staff at the most to be in control of the distribution of ballots from its master inventory so as to minimize and/or eliminate any and/or all errors. CEC staff already has a system with regard to ballot accountability, which was exercised and practiced during the 2022 General and Run-off Elections. Proper documentation of ballot accountability was exercised as well during the 2022 Elections.

12/31/23 – Our office is closing in on finalizing our draft SOP so that it may be ready for presentation to the Board for its review. We anticipate a board meeting sometime in January 2024, and we hope that the board reviews and approves it before the next reporting date in June of next year. As soon as the Board adopts the SOP, our office will be able to furnish you with the documents pertinent to the unresolved matters.

Agency Proposed
Completion Date:

No response

Status:

Unresolved

OPA Note:

CEC has not formally adopted a system for ballot accountability. Therefore, OPA considers the recommendation unresolved. OPA will follow up on CEC’s progress toward addressing the recommendation in the next reporting period.

Recommendation 2: Adopt and implement policies and procedures to ensure:

- (a) Proper documentation of ballots received, distributed, spoiled, and unused; and
- (b) Supervisory review over ballot accountability.

Corrective Action: 12/31/20 – CEC reviewed the draft policies and procedures. However, as soon as the Standard Operating Procedures are finalized and reviewed by the legal counsel, the CEC will adopt the policies and procedures.

06/30/21 – No response.

12/31/21 – No response.

STATUS OF AUDIT RECOMMENDATIONS

06/30/22 – No response.

12/31/22 - No response.

05/09/23 – CEC staff are still in the process of drafting Policies & Procedures to present to the Board for its review. CEC staff are working on the process with regard to the Supervisory review over ballot accountability.

12/31/23 – See response for Recommendation 1.

Agency Proposed
Completion Date:

No response

Status:

Unresolved

OPA Note:

Based on CEC's response, OPA will follow up on CEC's progress toward addressing the recommendation in the next reporting period.

Recommendation 3: Provide adequate training, including testing procedures, to ensure that election officials and poll workers properly carry out their duties and responsibilities.

Corrective Action: 12/31/20 – CEC provided training and testing to the election officials. We acknowledged that the Election Official's Training Pamphlet required additional procedures based on the election law; hence, the training presentation and testing procedures will be more adequate. However, the Commission had the opportunity to employ election officials throughout the 21-day early voting period for hands-on training, which was tremendously helpful based on the election day observation.

OPA noted that the 2020 election training presentations did not provide sufficient information on the duties and responsibilities of election workers. OPA acknowledges that administering effective training requires adequate resources and time and that these elements may not always be available. As such, OPA has determined that developing a comprehensive Poll Worker Guide containing sufficient information on election worker responsibilities, including relevant procedures of the election process, would be the most realistic approach to addressing this recommendation. OPA considers this recommendation unresolved until CEC develops a comprehensive Poll Worker Guide.

06/30/21 – No response.

12/31/21 – No response.

06/30/22 – No response.

12/31/22 – No response.

05/09/23 – CEC staff will continue to do their due diligence by conducting in-depth and thorough training for all election officials. CEC will look into including the poll observers in the poll workers' official training. The CEC will reach out to DPS and other election officials to educate them on all applicable laws that pertain to their respective agencies. We will continue to give tests to all poll workers, and if they are found not to be satisfactory, we may write a letter to the respective parties to nominate another individual.

12/31/23 – See response for Recommendation 1.

Agency Proposed

STATUS OF AUDIT RECOMMENDATIONS

Completion Date: No response

Status: Unresolved

OPA Note: OPA will follow up on CEC's progress toward addressing the recommendation in the next reporting period.

Commonwealth Healthcare Corporation – Patient Revenue Cycle Management

Report No. 17-01, Issued March 16, 2017

Commonwealth Healthcare Corporation

Audit of the Commonwealth Healthcare Corporation’s Patient Revenue Cycle Management

Recommendation 4: Develop a plan of action that is effective and timely and addresses the current backlog related to coding, billing, collection, and posting payments.

Corrective Action: 06/30/21 – As the CHCC continues to tackle additional services, including COVID vaccinations, the number of claims needing to be worked on has also increased. To alleviate and lessen this backlog, not only has the CHCC contracted with GAIA (a dialysis-specific coding and billing company), but we have also hired temporary billers to help with the surge in COVID vaccination claims. Additionally, we have internal help assisting with the payment posting backlog. The tedious manual processes that the RPMS requires are the leading cause of this backlog. For other hospital systems, automatic charges are added onto claims whenever a code is entered, while at CHCC, both codes and charges need to be manually entered.

Furthermore, other hospital systems have automatic payment postings, which the RPMS is not set up to accept. Thus, despite all the effort, CHCC does anticipate a reduced backlog once we go live with the new hospital system, which is scheduled for some time before the new fiscal year. The new system, RCM Cloud/Carevue, will allow for quicker coding and billing processes, along with automated payment postings (granted that the payers provide electronic remits that could be uploaded into the system).

Billing Backlog	
Action	Timeline
Legacy Accounts: to be reviewed and completed, possibly by another vendor.	Decision to be determined before 10/1/2021.
Dialysis Accounts: completed by GAIA (dialysis-specific EHR and billing vendor).	Ongoing
COVID Vaccinations	Ongoing
All others: completed by CHCC staff	Ongoing

Posting Backlog	
Action	Timeline
Set up 835 and electronic remits when going live with the new system. This is also dependent on the payer’s progress in completing this goal.	10/1/2021 - Tentative

Proposed completion date – See above. Once CHCC is live with the new system, the backlog will be reduced significantly due to eliminating manual processes that are required today.

12/30/21 – CHCC would like to request that the CNMI OPA revisit these findings one year after our new Revenue Cycle Management software implementation. The new system, RCM Cloud/Carevue, will allow for quicker coding and billing processes, along with automated payment postings (granted that the payers provide electronic remits that could be uploaded into the system).

We are also requesting to change the period subject to audit. CHCC believes that measuring our performance based on our ability to close out bills and post payments on 2017 services

STATUS OF AUDIT RECOMMENDATIONS

does not provide any benefit to CHCC as those billings would have been beyond the threshold on what is collectible, and posting payment backlogs will just reclassify a significant amount of third-party receivable to our uninsured or underinsured members on the community.

With the limited resources afforded to the sole hospital and the Territorial health system in the CNMI, CHCC believes that prioritizing the utilization of our resources to process current bills that would generate cash flows is the most prudent use of these limited resources.

06/08/22 – As with any new major system implementation, issues will arise. Unfortunately, with RCM Cloud/Carevue, there are more issues than anticipated. Since CHCC went live with the new system, weekly calls with the software vendor have been ongoing to address these issues that continue to cause delays in our backlog related to coding, billing, collection, and payment posting. CHCC presents these issues to the vendor while we wait for Medsphere to resolve them, which can take up to 6 months.

Therefore, CHCC would like to request that the CNMI OPA revisit these findings by December 2023 as long as these issues are resolved timely to allow us to catch up with our backlog.

CHCC continues to request to change the period subject to audit. CHCC believes that measuring our performance based on our ability to close out bills and post payments for services prior to 2017 does not provide any benefits to CHCC as those billings would have been beyond the threshold on what is collectible, and posting payment backlogs will just reclassify a significant amount of third-party receivable to our uninsured and underinsured members of the community.

With the limited resources afforded to the sole hospital and the Territorial health system in the CNMI, CHCC believes that prioritizing the utilization of our resources to process current bills that would generate cash flow is the most prudent use of these limited resources.

12/20/22 – As stated in our last response, CHCC requested that OPA revisit these findings by December 2023. Although backlogs are unfortunately typical with health providers due to the complexity of coding and billing requirements, the attached document displays our efforts in billing and collection throughout the years. In 2022, the decrease in payment from some payers was mainly due to patients qualifying for Medicaid PE, but overall, CHCC has improved in its revenue cycle management process. Refer to CHCC RCM Exhibit A.

With the limited resources afforded to the sole hospital and the Territorial health system in the CNMI, CHCC believes that prioritizing the utilization of our resources to process current bills that would generate cash flow is the most prudent use of these limited resources.

06/30/23 – The CHCC is requesting that OPA revisit this finding by December 2024. Although the backlog is unfortunately typical of health providers due to the complexity of coding and billing requirements, our hospital system capability continues to put a strain on the amount of time it takes to complete claims. The CHCC is actively working on pursuing a new hospital system to address the functionality of billing. With the limited resources afforded to the sole hospital and Territorial health system in the CNMI, CHCC believes that prioritizing the utilization of our resources to process current bills that would generate cash flow is the most prudent use of these limited resources.

STATUS OF AUDIT RECOMMENDATIONS

12/31/23 – The CHCC is requesting that OPA revisit this finding by December 2024. Although the backlog is unfortunately typical of health providers due to the complexity of coding and billing requirements, our hospital system capability continues to put a strain on the amount of time it takes to complete claims. The CHCC is actively working on pursuing a new hospital system to address the functionality of billing. With the limited resources afforded to the sole hospital and Territorial health system in the CNMI, CHCC believes that prioritizing the utilization of our resources to process current bills that would generate cash flow is the most prudent use of these limited resources.

Agency Proposed
Completion Date:

12/2024

Status:

Unresolved

OPA Note:

OPA will follow up on CHCC's progress toward addressing the recommendation in the next reporting period.

Department of Finance – Excise Taxes

Report No. 14-01, Issued September 29, 2014

Department of Finance, Division of Customs Services

**Audit of the Division of Customs Service on Assessment and Collection of Excise Taxes
for Calendar Year 2013**

Recommendation 4: OPA recommends that written procedures be developed to immediately pursue importers with outstanding receivable balances that are greater than 30 days past due.

Corrective Action: 09/28/17 – Customs adopted its revision of § 70-10.1-150 of the Customs Service Regulations, which allows the Division to collect its own receivables that are greater than 90 days.

08/17/18 – Customs adopted a Standard Operating Procedures (SOP) Manual, which states that Customs will forward the delinquent accounts of unresponsive importers to the Office of the Attorney General for legal proceedings.

12/20/19 – Customs informed OPA of its plan to revise its SOP to handle the collection of unpaid billings administratively rather than referring matters to the Office of the Attorney General for legal proceedings.

11/23/20 – Customs’ SOP has been updated; however, the billing, lien & levy form and procedure are being reviewed by the Assistant Attorney General.

11/22/21 – Per Customs’ response: The SOP has been updated; however, the billing, lien & levy form and procedure are with the Assistant Attorney General. This issue is addressed also in the passing of Public Law 21-42. Only through the application process and approval by the Director will importers be able to defer any payments. Importers who do not meet the qualifications will be required to pay their duties prior to the release of such goods.

05/25/22 – Customs is awaiting the lien & levy form and SOP from the Attorney General’s Office.

12/06/22 – The corrective actions mentioned on November 22, 2021, and May 25, 2022, are pending as of December 31, 2022.

05/09/23 – Customs is in communication with its Legal Counsel, who is working to address this issue.

12/31/23 – Public Law 21-42 requires importers of taxable goods to pay the excise tax upon the clearance of their cargo. The law requires the Division of Customs to promulgate regulations to include but not be limited to those that provide minimum deferred payment grace periods of 30 days and 15 days, respectively, for qualified low-risk importers for post-clearance payment.

On June 23, 2023, the Director of Customs Biosecurity approved & adopted the amendments to SOP 4.6.4 procedures. The amendments were recommended by Assistant Attorney General Dustin Rollins and aimed to address concerns surrounding the collection of outstanding excise taxes.

Agency Proposed
Completion Date: Completed

Status: Resolved

STATUS OF AUDIT RECOMMENDATIONS

OPA Note: Based on the approved amendment to Section 4.6.4 of the SOP, OPA considers this recommendation resolved.