

OFFICE OF THE PUBLIC AUDITOR ANNUAL REPORT 2007

Advancing Government Accountability and Public Trust

Ma'atbansa | Responsabilidadát gi Gobietnamento yan Inangokkon Pupbliku
Ayoora Alúghúlúgh Ilól Gobenno me Appelúghúlúghúl Toulap

PUBLIC AUDITOR'S MESSAGE



At the Office of the Public Auditor (OPA), we work hard to ensure responsibility throughout our government, instilling confidence and trust, and promoting accountability at every level.

December 2006 marked the end of my first six-year term at OPA. Serving as Public Auditor these past seven years has been challenging at times, but always gratifying. It has been, and continues to be, an honor and a privilege to serve as Public Auditor.

Over the last seven years, OPA tracked over 1,100 requests for audits, investigations, and advice. We closed 461 of these requests, more than 80 of which were made public in the form of audit reports, procurement decisions, reviews, and compilations covering virtually every office in the CNMI Government.

You find in this report highlights of many of our reports issued in the last three years. Information regarding our finances, human resources, key relationships we have developed with other Federal and international offices, and the tremendous success we have had in recruiting and developing resident professionals at OPA are also featured.

For more information regarding the office and the activities that keep us busy every day, please visit our website at www.opacnmi.com, or visit us at 1236 Yap Drive on Capitol Hill.

A handwritten signature in blue ink that reads "Michael S. Sablan".

Michael S. Sablan, CPA
Public Auditor

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OFFICE OF THE PUBLIC AUDITOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

AUDIT ENGAGEMENTS

From 2005 through 2007, OPA released 16 special reports and audits. Copies of these reports are available in their entirety at www.opacnmi.com.

DEPARTMENT OF PUBLIC SAFETY EVIDENCE CONTROLS, SEPTEMBER 21, 2005

An audit of the Department of Public Safety (DPS) Evidence Controls found inadequate control and accountability over the receipt and storage of evidence. OPA noted weaknesses with the timeliness of evidence receipt, documentation of information, temporary storage of evidence, handling and disposal of evidence, structural safeguards of the evidence storage facility, segregation and storage of evidence, and incompatible duties assigned to evidence room employees. DPS concurred with most of the audit findings and agreed to take necessary actions to remedy the weaknesses identified.



Above and Right: DPS Evidence

MARIANAS HAWAII LIAISON OFFICE, AUGUST 12, 2005

An audit of the Marianas Hawaii Liaison Office (MHLO), covering the period October 1999 through December 2002, showed instances of non-compliance with CNMI laws and regulations pertaining to personnel benefits, travel, and "public purpose" expenditures. OPA also noted weaknesses in internal controls relating to advances made to cover funeral service expenses, check encashments, and time and attendance. The MHLO Liaison Officer has implemented new control mechanisms in response to recommendations made in the audit report.

MARIANAS PUBLIC LANDS AUTHORITY: TRAVEL AND BOARD COMPENSATION, NOVEMBER 16, 2006

This report presented the results of OPA's review of travel and related board compensation expenditures of the former Marianas Public Lands Authority (MPLA) for the period October 1, 2000 to February 28, 2006. OPA found that MPLA's travel policies, procedures, and practices contributed to excessive travel expenditures; MPLA travel expenditures increased by over \$1 million during Fiscal Years 2001 to 2005, during which time its revenues decreased by almost \$10 million; and MPLA compensated its board members for meetings other than official board meetings not authorized by law (PL 12-71). So that government employees can clearly understand and comply with the prevailing travel policies and practices, OPA recommended that the Governor request the Department of Finance to formally adopt an official CNMI Travel Manual.

AUDIT ENGAGEMENTS

MARIANAS PUBLIC LAND TRUST, NOVEMBER 24, 2006

OPA reviewed selected expenditures incurred by the Board of Trustees of the Marianas Public Land Trust (MPLT) during Fiscal Years 2002 to 2004, specifically: board compensation, travel, and the Executive Director's professional services. The review showed significant amounts of board compensation and travel approximating \$300,000 and \$500,000, respectively, for the three year period. It also appeared that the fees paid to the Executive Director for administrative services performed during the period were excessive.

	MPLT Travel Expenses	
	Per Year	Average Per Month
FY 2002	\$155,381	\$12,948
FY 2003	\$211,413	\$17,618
FY 2004	\$142,778	\$11,898
TOTAL	\$509,572	

JOBS STUDY, MAY 31, 2007

OPA invited private sector employers and government officials to form the Jobs Study Committee (Committee). The Committee undertook a collaborative study to determine whether there are jobs held by nonresident workers that could be filled by qualified residents. OPA coordinated committee meetings and provided technical assistance to the Committee. The Committee members, whose businesses collectively employ over two thousand private sector jobs, reported that there are positions currently filled by nonresidents that can be filled by qualified residents. The Committee provided suggested actions to encourage the hiring of residents. The Committee also recommended restructuring the Department of Labor's Division of Employment Services and Training to provide better services for both resident workers and CNMI employers. OPA agreed with the Committee's suggestions.

MANAGAHA LANDING AND USER FEES, OCTOBER 2, 2007

OPA's review of the collection and use of Managaha landing and user fees showed that adequate controls were in place and working to help ensure the proper collection, safeguard, accountability, and deposit of landing and user fees into the Trust Account. In addition, Tasi Tours and Transportation, Inc. disbursements from the Trust Account for the maintenance and improvement of Managaha facilities and landscaping, as well as for other services, are allowable and in accordance with Section 9 (D) of the Second Agreement of the Managaha landing and user fees.



Right: Managaha Island in the Saipan Lagoon

AUDIT ENGAGEMENTS

CUC DESALINATION PROJECT, JANUARY 13, 2006

In OPA's analysis of the proposed desalination project and related matters initiated by the Commonwealth Utilities Corporation (CUC) revealed that there were multiple and serious violations of the CUC Procurement Regulations. It further showed that CUC's Management and Board of Directors did not take prudent and responsible management action during the procurement process resulting in a waste of both human and financial assets of CUC.



Right: CUC pump station

\$60 MILLION BOND, APRIL 24, 2006

OPA's review of appropriations acts identifying the \$60 Million Bond as a source of funding for capital improvement projects found that the CNMI Legislature over appropriated bond proceeds and interest income, totaling \$1,520,611. As a result, the CNMI Government may need to identify and appropriate additional funds to complete the under-funded projects, scale down the scope of some uncompleted projects, or cancel some projects altogether.

DEPARTMENT OF PUBLIC HEALTH PROJECT, JUNE 8, 2007

A joint evaluation of the Saipan Public Health Facility Project (Project) by the Department of the Interior's Office of the Inspector General (OIG) and OPA showed serious deficiencies in the contracting process, including the failure to adhere to established procurement regulations and the lack of qualified and experienced officials to administer the Capital Improvement Project (CIP) program which significantly affected construction costs and time frames. The Governor agreed to OIG's and OPA's recommendations to help the CNMI better manage the contracting process so that contract costs and delays can be minimized on future CIPs.



Above: CHC Hemodialysis Center

LEGISLATIVE BUREAU OPERATIONS, NOVEMBER 7, 2006

OPA's evaluation of the Legislative Bureau's operations during the Fourteenth Northern Marianas Commonwealth Legislature showed various opportunities to improve efficiency, effectiveness, and accountability in the administrative processes utilized by the Legislative Bureau and the Legislature relating to personnel management, procurement of goods and services, property control, and travel. Accordingly, OPA suggested alternative systems for consideration by the Legislative Bureau and the Legislature.



Above: Legislative Bureau on Capitol Hill

AUSTERITY EXEMPTIONS, MARCH 15, 2007

OPA noted that members of the judiciary opted not to take austerity reductions in pay that other lower paid workers throughout the CNMI government were forced to accept pursuant to P.L. 15-24. OPA disclosed potential savings of over \$200,000 per year if all of the elected officials, judges, and justices voluntarily elected for the ten percent reduction. Although OPA recognizes that the salaries of elected officials and members of the judiciary are legally mandated and constitutionally protected, OPA nevertheless urged the elected officials and members of the judiciary to voluntarily accept pay reductions.

GOVERNMENT DEPOSITS, MARCH 3, 2005

OPA conducted an audit of CNMI Government deposits held in banks and financial institutions as of April 30, 2002, and conducted a follow-up review of deposits as of April 30, 2004. In total, the Government Safety Deposit Act (Act), created to provide security for government deposits, as of April 30, 2002, only applied to \$22.9 million in Treasury funds. Government deposits not under the purview of the Act amounted to about \$85.1 million, and are comprised mainly of deposits of various autonomous agencies and public corporations. OPA found that none of the major agencies or corporations had adequate regulations in place to ensure the security of their deposits. OPA recommended that regulations to interpret, execute, and enforce the Act be adopted, that all government agencies and public corporations currently excluded from the Act prepare regulations to address the security of public

funds, and that the Department of Commerce implement a system to monitor all securities pledged by banks as collateral for all CNMI government deposits.

DEPARTMENT OF LABOR PERMITS, JUNE 6, 2005

An audit of controls over the nonresident worker application process at the Department of Labor (DOL) found that \$512,410 of fees associated with nonresident worker applications went uncollected due to inadequate internal controls. Based on OPA's analysis, DOL had been receiving applications without ensuring that the correct amount of fees were collected. OPA made recommendations that would strengthen controls to ensure that the proper fees are collected prior to the acceptance of applications. In its response letter, DOL concurred with OPA's findings and agreed to implement the recommendations set forth in the audit report.

CDA/CUC WRITE-OFF, MAY 10, 2006

OPA recommended the Governor's approval of legislation forgiving the Commonwealth Utilities Corporation's (CUC) longstanding debt to the Commonwealth Development Authority (CDA). Dating back to 1988, the CUC/CDA debt accumulated to \$147 million as of 2004, inclusive of \$85 million in accrued interest. While cautioning against loan forgiveness in general, OPA noted significant public interest in assisting CUC to restore the financial standing it needs to secure financing for critically needed capital assets. OPA also noted that CDA's financial standing would be unaffected as its financial statements, in accordance with applicable accounting principles, already reflected a full allowance for the uncollectible debt.



Above: Commonwealth Development Authority in Gualo Rai

**The entire copies of OPA reports are available on our website:
www.opacnmi.com**

OPA INVESTIGATIONS

Since 2005 OPA's Investigative Unit undertook 22 investigations involving allegations of government fraud. Twenty-one of those investigations led to convictions; one remains open.

OPA INVESTIGATIVE UNIT

OPA's Investigative Unit was established to look into allegations of fraud, waste, and abuse in the collection and expenditure of public funds, including government programs and operations.

An agreement with the Federal Bureau of Investigations (FBI) resulted in the formation of a joint task force on white-collar crime and public corruption. Investigations by this task force have resulted in convictions in Federal Court.

In 2007, OPA entered into a Memorandum of Understanding with the CNMI Office of the Attorney General to form a joint task force on white-collar crime and government corruption.

OPA continues to receive many complaints from the public to investigate fraudulent practices and activities. Because of the complexity of their role within the government, OPA investigators must prudently review every investigative request and related activity.

FBI COMMENDS OPA'S INVESTIGATIVE UNIT

FBI Special Agent Dana McMahon along with former U.S. Prosecutor Timothy Moran presented OPA investigators and three other staff with certificates of appreciation for their performance during a joint Task Force investigation in 2006.



Above: Former OPA Investigator Taula Peter (right) receives his certificate.

To report instances of possible fraud, waste, or abuse, call OPA's hotline:

Saipan: (670) 235-3937

Tinian: (670) 433-3937

Rota: (670) 532-0298

PROCUREMENT APPEALS

Ensuring Fairness in the Procurement Process

APPEAL NO. BP-AO52

Decision on the Appeal Filed by Telesource CNMI, Inc. on CUC RFP-07-001, July 20, 2007

Telesource CNMI, Inc. (Telesource) filed its Appeal with OPA after no action was taken on its Protest regarding CUC RFP-07-001. The Attorney General filed a response to Telesource's Appeal and argued that Telesource did not have standing to bring the Appeal. OPA, however, found Telesource did have standing to appeal. OPA also found, among other things, that the Request for Proposals (RFP) had not been maintained as a public record; the closed nature of the solicitation, the fees charged for pre-qualification, and the evaluation methods may have limited competition; and, that had Telesource's Protest been addressed at the protest level, the delay in the procurement process may have been limited. OPA ordered that the solicitation be cancelled as, based on the findings set forth in the Decision, it was determined that the RFP was not in compliance with the CNMI Procurement Regulations (CNMI-PR).

APPEAL NO. BP-AO51

Decision on the Appeal Filed by Reaction Co. regarding the cancellation of IFB 06-GOV-003, April 2, 2007

Reaction Co. protested the cancellation of an Invitation For Bid (IFB) issued by the Water Task Force (WTF) for the procurement of 7,000 water meters. The Director of Procurement and Supply (Director) issued his Protest Decision on December 28, 2006. Reaction Co. appealed the Director's Protest Decision to OPA. In addition to determining whether the cancellation of IFB 06-GOV-003 was allowable under the CNMI-PR, OPA reviewed the circumstances surrounding the issuance of IFB 06-GOV-097 by the WTF. Reaction Co. requested that OPA order the cancellation of IFB 06-GOV-097. OPA denied Reaction Co.'s Appeal, as it was found that the cancellation of IFB

06-GOV-003 appeared to comply with the CNMI-PR, specifically § 70-30.3-240. A written determination that the services under IFB 06-GOV-003 were no longer required and that cancellation of IFB 06-GOV-003 was in the best interest of the government had been made by the WTF, and approved by the Director in April 2006. OPA also found that IFB 06-GOV-097, although for the installation of 7,000 water meters similar to IFB 06-GOV-003, did contain changes to the scope, specifications, and other requirements. No evidence of violation of the CNMI-PR regarding the issuance of IFB 06-GOV-097 was presented in the Appeal. As such, cancellation of IFB 06-GOV-097 was not ordered by OPA.

APPEAL NO. BP-AO50

Decision on the Appeal DPW 06-IFB-012, Construction of Rota Junior High School Additional Classrooms, June 1, 2006

DK Brothers filed an appeal with OPA after the denial of its protest by the Director of the Division of Procurement and Supply regarding DPW 06-IFB-012, which was for the construction of additional classrooms for the Rota Junior High School. DK Brothers alleged that Pacific Cooperation Limited, the lowest bidder for the contract, should have been excluded because it failed to include a required list of sub-contractors and failed to list the nature and scope of the work to be performed by the sub-contractors and suppliers. OPA found DK Brothers' appeal was timely filed on the tenth (10th) working day after the issuance of the P & S Director's Decision. OPA also found the inclusion of the subcontractor form in the IFB to have been inadvertent, since the instructions clearly indicated that no form was supplied. Since the instructions indicated that no form was supplied, it was appropriate and proper that Pacific Cooperation use its own form. OPA concluded that the P&S Director did not improperly fail to exclude Pacific Cooperation as a non-responsive and responsible bidder.

PROCUREMENT APPEALS

Ensuring Fairness in the Procurement Process

Therefore, OPA affirmed the Decision of the Director of Procurement and Supply to deny DK Brothers' Protest.

APPEAL NO. BP-AO49

Decision on the Appeal Filed by One-Call Maintenance on PSS IFB-06-013, June 14, 2006

One-Call Maintenance filed an appeal with OPA in April 2006 regarding PSS's Invitation For Bids for cleaning services for Kagman and Southern High Schools' food courts. The issues on appeal related to the timeliness of One-Call's filing of its initial protest with PSS and PSS's exclusion of One-Call as a nonresponsive and nonresponsible bidder. OPA found that the filing of the protest with PSS was untimely since it was not within the ten working days required by regulation. OPA also found PSS did not improperly exclude One-Call as a nonresponsive and nonresponsible bidder. After the bid opening, the PSS Procurement and Supply office requested additional information by facsimile from all of the bidders who responded to the initial bid announcement. The information requested was for the purpose of determining whether the bidders were "responsive" and "responsible" in accordance with the PSS Procurement Regulations. Specifically, the bidders were asked to "[submit a current certificate of good standing with the Department of Labor, and any professional letter of reference you may have." One-Call submitted compliance letters from the Division of Revenue and Taxation and the Workers' Compensation Commission but nothing from the Department of Labor. OPA found the stated evaluation criteria were reasonable and very specific and that One-Call admittedly failed to submit the Labor certification. Moreover, OPA reiterated that a determination of non-responsibility will not be disturbed unless the protester can demonstrate agency bad faith or unless the record fails to provide a reasonable basis

for the non-responsibility determination. OPA, therefore, denied One-Call's Appeal.

APPEAL NO. BP-AO48

Decision on the Appeal Filed by Island Business Systems & Supplies, January 25, 2006

Island Business Systems & Supplies (IBSS) filed its Appeal with OPA after the Director denied its protest regarding the procurement of a copier machine from Xerox Corporation (Xerox) by the Northern Mariana Islands Housing Corporation (NMHC). OPA granted the Appeal as it was found that the photocopier was not procured pursuant to the CNMI-PR and the lease with Xerox appeared to be contrary to the CNMI-PR. No bad faith on the part of Xerox was alleged or found. OPA, however, did not ratify the lease agreement, however, as ratification did not appear to be in the best interest of the Commonwealth based upon the facts as presented to OPA. As such, the matter was remanded to the Director for further determination and appropriate action.

APPEAL NO. BP-AO47

Decision on the Appeal Filed by Kautz Glass Co. on PSS IFB 05-044, October 27, 2005

Kautz Glass Co. (Kautz) filed an Appeal with OPA regarding the denial of Kautz's protest by the Commissioner of Education of the Public School System (PSS) regarding PSS IFB -05-044. Kautz had been awarded a contract under the solicitation, which was subsequently cancelled by PSS after it was determined by the Commissioner, in a protest brought by a third party, that Kautz did not submit the lowest responsive bid. Kautz in its Appeal to OPA argued that it was the most "responsive and responsible" bidder and that PSS could not terminate its contract for convenience. PSS argued, among other things, that Kautz did not

PROCUREMENT APPEALS

Ensuring Fairness in the Procurement Process

timely file the Appeal with OPA. Although some question as to delivery of the Commissioner's denial existed, OPA found that the Appeal was filed timely and entertained the Appeal. OPA otherwise denied the Appeal brought by Kautz, as favorable responsibility determinations are not reviewed absent a showing of subjective bad faith, fraud, or lack of a reasonable or rational basis for the determination and no such showing was made. In addition, there was insufficient evidence to show that the lowest bidder was not responsive. The PSS Procurement Regulations (PSS-PR) provide for cancellation as a remedy after award, which appeared to be the basis for the cancellation of Kautz's contract by the Commissioner. It was not within OPA's purview to review whether the cancellation by the Commissioner complied with or violated the terms of the contract with Kautz or to award damages as requested.

APPEAL NOS. BP-AO41 & BP-A042

Order Dismissing Two Appeals Filed by Fabriclean CNMI, Inc., July 20, 2007

On May 16, 2005, OPA issued an order dismissing two appeals filed by Fabriclean CNMI, Inc. that pertained to the solicitation of laundry services for the Commonwealth Health Center under Request for Proposal No. RFP 03-CHC-0041 by the Department of Public Health. On April 5, 2005, the parties filed a Stipulated Motion to Dismiss Appeals to OPA.

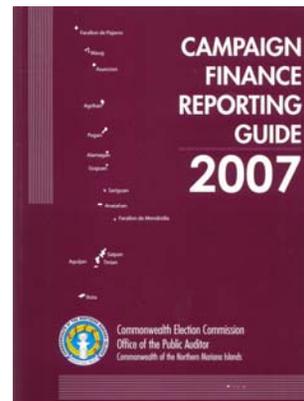
**For more information on these or any other OPA decisions on
procurement appeals, contact OPA at (670) 322-6481.**

To read the most recent decisions, visit our website at www.opacnmi.com.

CAMPAIGN FINANCE REPORTING GUIDE

Under the Election Reform Act of 2000 (Election Reform Act), OPA is mandated to monitor all campaign contributions and expenditures. To assist the public in understanding the requirements of the Election Reform Act, OPA developed a comprehensive manual, the Campaign Finance Reporting Guide. This guide outlines the responsibilities and restrictions placed on candidates and their treasurers, and provides assistance on how to complete the required campaign finance reports.

OPA also conducts many presentations on Saipan, Tinian, and Rota to explain directly to the candidates and treasurers the details of the new law's requirements and restrictions. OPA conducted six presentations each for the 2005 and 2007 general elections.



CAMPAIGN STATEMENT OF ACCOUNT

December 24, 2007 was the deadline to file the 2007 Campaign Statement of Account (CSA). The table below shows number of candidates and political parties that were required to file a CSA for the 2007 and 2005 general elections and how many filed on time.

2007 General Election

Total Certified Candidates Required to File CSA.....73
Candidates Filed as of 12/24/07.....55

Total Political Parties Required to File CSA.....3
Total Parties Filed as of 12/24/07.....2

2005 General Election

Total Certified Candidates Required to File CSA.....108
Candidates Filed as of 12/27/05.....65

Total Political Parties Required to File CSA.....3
Total Parties Filed as of 12/27/05.....1

For additional information about Campaign Finance, visit us online at www.opacnmi.com.

CNMI GOVERNMENT ETHICS AWARENESS

One of OPA's primary responsibilities is to enforce the government Ethics Code Act of 1992 (Ethics Act).

OPA regularly conducts presentations throughout the Commonwealth to educate government employees on which activities are acceptable or prohibited activities while in government service. From 2005 through 2007, OPA conducted 62 presentations for over 1,700 government employees.

OPA also provides brochures that address Conflicts of Interest, Gifts and Gratuities, Complaints on Ethics Violations, Political Activity, and Filing Financial Disclosure Statements. Brochures are available at the OPA office.

Under the Ethics Act, all elected officials and individuals appointed by the Governor to public boards and commissions are required to file annual confidential financial disclosure statements to avoid possible conflicts of interest. OPA's Ethics Unit continues to vigorously implement all financial disclosure requirements of the Ethics Act to ensure compliance by officials and appointees.

OPA is confident these ongoing efforts will help increase awareness and reduce the number of ethics violations.

**For additional information about the CNMI Ethics Code Act,
visit us online at www.opacnmi.com.**

OPA HUMAN RESOURCES

Supporting capacity building throughout the Commonwealth.

CAPACITY BUILDING

Since 2005, OPA facilitated 10 professional development courses that benefited employees from over 25 different government agencies and seven private businesses. The courses were made possible through partnership programs with the U.S. Department of Agriculture Graduate School, The Office of Insular Affairs (OIA), and the Pacific Islands Training Initiative.



Above: Grantsmanship II Training Session with Instructor Sefton Boyars

DEVELOPING RESIDENT AUDITORS

Competent and well trained staff allow OPA to effectively carry out its mission and mandates. From 2005 through 2007, OPA staff attended over 10 on-island professional development courses in areas such as government accounting, performance auditing, and procurement and contract management. In the same period, OPA staff attended over 15 off-island seminars and workshops.



Above: Instructor Steve Potts teaches the fundamentals of performance based budgeting.



Above: OPA staff attend Government Accounting and Reporting with Instructor Jeanne Yamamura.

The Auditor Training Program was created in December 2002 through a partnership with OIA and the Office of the Inspector General (OIG). The training program was expanded in late 2004 to include partnering with the General Accountability Office (GAO). A major component of the Auditor Training Program is on-the-job training for CNMI auditors at federal OIG and GAO offices in Seattle, Denver, Sacramento, and Albuquerque. The success of the Auditor Training Program is reflected in the advancement of five resident auditors to positions of Senior Analyst and Analyst Manager. OPA is deeply indebted to OIA, OIG, and GAO for providing this special training for our resident audit staff.

From September to November 2007, OPA Analyst Geraldine Demapan participated in the Auditor Training Program's on-the-job training at the OIG Albuquerque office, where she gained valuable experience in the areas of field work and analysis.



Above: Geraldine Demapan on her way to conduct field work during her on-the-

INTERNSHIP PROGRAM

OPA implemented an internship program in May 2001. The program includes audit and related training, with time off to obtain a degree from Northern Marianas College under a special tuition waiver program. Wilma Atalig is currently in the internship program and is expected to graduate with her Bachelor's Degree in December 2009. Upon graduation, Wilma will transition into the position of Analyst.

SUMMER INTERSHIPS

Every summer OPA provides internship opportunities to students who are interested in exploring the auditing and accounting professions. Through this program, students are introduced to the professional standards and demands of auditing. Since 2005, OPA has employed four summer interns.

OPA HUMAN RESOURCES

OPPORTUNITIES FOR STUDENTS

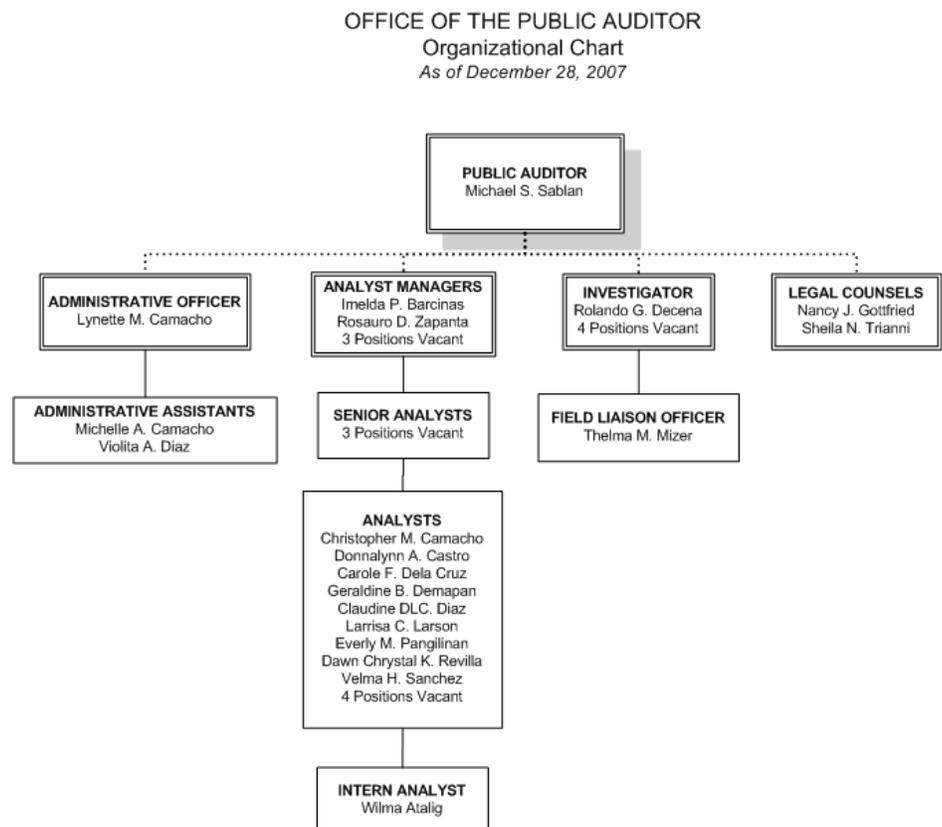
In 2006 and 2007, OPA participated in the Public School System's Cooperative Education Training Program. Through this program, OPA provided experiential career training to four students from Marianas High School and Kagman High School.

OPA regularly participates in the Summer Youth Employment Training Program through the Workforce Investment Agency. Over the past three summers, OPA employed six trainees.

In 2007, OPA provided a volunteer internship to one high school student who was exploring auditing as a career.

For more information about internship opportunities with OPA, contact us at (670) 322-6481 or send an email to jobs@opacnmi.com.

OPA ORGANIZATIONAL CHART



OPA HUMAN RESOURCES

MICHAEL S. SABLAN, PUBLIC AUDITOR

Michael Sablan, or Mike, has served as Public Auditor of the CNMI since December 2000. Prior to entering public service in 2000, Mike spent 20 years in public accounting and in various private sector board directorships and senior executive positions in California and the Northern Marianas. Mike received his Bachelor of Arts degree in Economics from the University of California, Los Angeles and his professional licensure as a Certified Public Accountant from the California State Board of Accountancy.



WILMA ATALIG, INTERN ANALYST

Wilma Atalig began working with OPA in late 2003 as an Administrative Assistant. She is currently an Intern Analyst in OPA's Ethics and Compliance Unit. She is also one of OPA's Notaries Public. Wilma received her Associate of Arts degree in Business Administration in May 2006 and is expected to graduate from Northern Marianas College with a Bachelor's Degree in December 2009.



IMELDA P. BARCINAS, ANALYST MANAGER

Imelda Barcinas is OPA's first resident Analyst Manager. After earning her Bachelor's Degree in Economics from the Chaminade University of Honolulu, Imelda joined the OPA team in December 1997. Imelda was one of the first participants in the OPA Auditor Training Program; she participated in on-the-job training at the OIG Sacramento office.



CHRISTOPHER M CAMACHO, ANALYST

Christopher Camacho, or Chris, earned a Bachelor's Degree in Economics from California State University, Sacramento in 2002. After spending some time teaching, Chris joined the OPA team in February 2004. Chris keeps busy at home by raising his two children.



OPA HUMAN RESOURCES

MICHELLE A. CAMACHO, ADMINISTRATIVE ASSISTANT

Michelle Camacho came on board with OPA in 2005. Michelle spent some time at Heald College in Oregon and is currently attending classes at Northern Marianas College. Michelle's fondest moment at OPA was the 2006 SPASAI Conference held on Saipan.



LYNETTE M. CAMACHO, ADMINISTRATIVE OFFICER

Lynette Camacho began working at OPA in late 2003 as an Administrative Assistant; in 2005 she was promoted to Administrative Officer. Lynette is a Certified Timekeeper and is one of OPA's Notaries Public. In her spare time, Lynette enjoys creating one of a kind crafts, stamping, and scrapbooking.



DONNALYNN A. CASTRO, ANALYST

Donnalynn Castro, or Donna, attended college at the University of Texas and graduated with a Bachelor of Arts degree in Criminology and Criminal Justice in 1997. Donna joined the OPA team in August 2004 and enjoys the challenging work that OPA brings. Donna gained valuable experience through two months of on-the-job training that sent her to the OIG Colorado office in 2005.



ROLANDO G. DECENA, INVESTIGATOR

Rolando Decena has been an investigator with OPA since May 2000. In 2004 Rolando was assigned to the OPA/FBI Joint Task Force.



OPA HUMAN RESOURCES

CAROLE F. DELA CRUZ, ANALYST

After spending some time at Northern Marianas College, Carole Dela Cruz, moved to Hawaii and obtained her Bachelor of Business Administration degree in Finance and Accounting from the University of Hawaii at Manoa. Carole came on board with OPA in 2002. When the opportunity arises, Carole would like to visit Italy and Greece.



GERALDINE B. DEMAPAN, ANALYST

Geraldine Demapan joined the OPA team shortly after she earned her Bachelor of Arts degree in Economics from Randolph-Macon Women's College in 2004. Geraldine spent two months in on-the-job audit training at the Albuquerque OIG office in late 2007. She was recently awarded the Institute of Internal Auditor's Certified Government Auditing Professional (CGAP) designation. Geraldine aims to one day become a Certified Public Accountant.



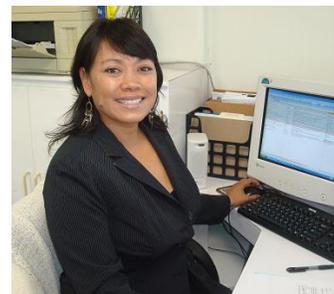
CLAUDINE DLC. DIAZ, ANALYST

Born in Missouri but raised on Saipan, Claudine Diaz began working for OPA in September 2005. Claudine received her Bachelor of Arts degree in Psychology from the University of Hawaii at Manoa. She is married to Ramon and is a mother of three children, ages 13, 4, and 2.



VIOLITA A. DIAZ, ADMINISTRATIVE ASSISTANT

Violita Diaz, or Viol, after spending 28 years in the private sector, joined the OPA team in 2006. You can meet Viol when she greets you with her warm smile as you enter the building.



OPA HUMAN RESOURCES

NANCY J. GOTTFRIED, LEGAL COUNSEL

Nancy Gottfried, who was raised in New Jersey, joined the OPA team in 2003. Nancy attended Duke University, The London School of Economic and Political Science, and the National Law Center at George Washington University where she earned her Juris Doctorate Degree with honors. Nancy enjoys working with students by volunteering with the annual Mock Trial event and spent eight years assisting with the National Forensics League.



THELMA M. MIZER, FIELD LIAISON OFFICER

Thelma Mizer was hired as OPA's Administrative Officer in 1996; in 2001 she was promoted to Office Manager. Thelma transferred to the OPA/FBI Joint Task Force in 2004.



EVERLY M. PANGILINAN, ANALYST

Everly Pangilinan is an Analyst as well as OPA's Information Technology Specialist. Everly joined the OPA team in 2000 and was the first graduate of the OPA internship program. Everly moved into the position of Analyst when he obtained his Bachelor of Science degree from Northern Marianas College 2006.



DAWN CHRYSTAL K. REVILLA, ANALYST

Dawn Chrystal Revilla, or D.C., graduated with a Bachelor of Science degree in Management and Human Resources from California State Polytechnic University, Pomona. She spent several years working in higher education before coming on board with OPA in 2006. D.C. keeps busy at home by raising her two children, knitting, and dreaming up new health-conscious desserts.



OPA HUMAN RESOURCES

VELMA H. SANCHEZ, ANALYST

Velma Sanchez earned her Bachelor of Arts degree in Psychology from Sonoma State University in 1998. Velma spent some time working in counseling before joining the OPA team in 2004. Velma aspires to one day create her own non-profit organization.



SHEILA N. TRIANNI, LEGAL COUNSEL

Sheila Trianni moved to the CNMI in 1995. After working both in the private sector and as an Assistant Attorney General, Sheila took a position in January 2003 as Legal Counsel at OPA, where she handles procurement appeals and other matters. She received her Bachelor of Arts degree in Accounting and Management from Houston Baptist University and her Juris Doctorate degree from the South Texas College of Law.



ROSAURO D. ZAPANTA, ANALYST MANAGER

Rosauro Zapanta, or Ross, is OPA's most seasoned auditor; Ross has been a valuable part of OPA since he first joined the team in late 1984. Ross received his Bachelor of Science degree in Commerce from the University of Santo Tomas in 1976. Ross is a Philippine Certified Public Accountant.



Left: OPA staff taking part in a team building activity before a staff meeting

OPA FUNDING GUARANTEE

Constitutional and statutory provisions guarantee funding for OPA. As authorized by 1 CMC § 7831, OPA receives one percent of all local appropriations and is authorized to receive one percent of the operations budgets of all public corporations and autonomous agencies. While this funding guarantee has averaged approximately \$3.23 million a year, OPA's budget submissions have historically been less.

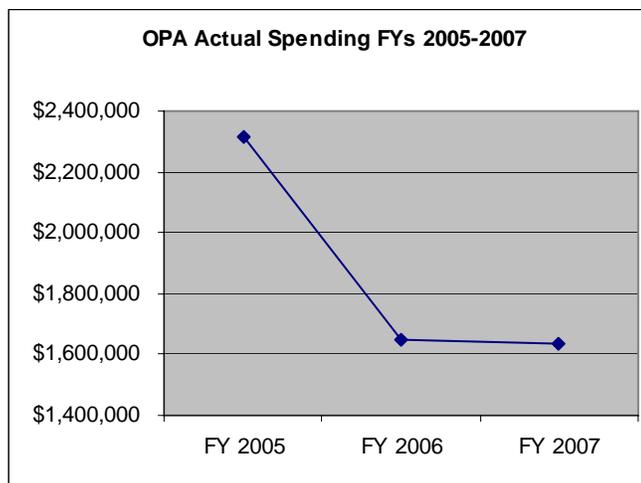
FY 2007 SPENDING

Unaudited figures for Fiscal Year (FY) 2007 show that OPA spent a total of \$1.65 million. Seventy-two percent, or \$1.17 million, was spent on personnel expenses and 28%, or \$467,189, of total resources was spent on all other expenses which includes \$300,000 for professional services, including the payment for the CNMI government-wide single audit. OPA had a total of 20 staff by the end of 2007, down from 29 in 2006. OPA staffing has significantly reduced from a peak of 39 in 2000.

BUDGET TO ACTUAL COMPARISON

The following table presents a comparison of OPA's budget to actual spending for FYs 2005 through 2007. FY 2007 figures are unaudited.

	Budget	Actual	Variance
FY 2005	\$2,228,824	\$2,316,381	(\$87,557)
FY 2006	\$2,228,824	\$1,650,543	\$578,281
FY 2007	\$3,132,874	\$1,634,597	\$1,498,277



PROFESSIONAL AFFILIATIONS

SOUTH PACIFIC ASSOCIATION OF SUPREME AUDIT INSTITUTIONS (SPASAI)

OPA is one of 25 member countries and states that make up the SPASAI. SPASAI was created to promote understanding and cooperation among South Pacific Supreme Audit Institutions. SPASAI encourages the exchange of ideas, experiences, and expertise among member organizations; provides continuing education for government auditors; and links regional public audit organizations with counterparts worldwide.

Public Auditor Michael S. Sablan served as the 2006-2007 SPASAI Chairman. During his Chairmanship, OPA had the privilege of hosting the 2006 SPASAI Congress on Saipan from May 22-26, 2006, where Mr. Sablan delivered a presentation to the Congress on the CNMI Ethics Act, which is considered one of the strictest in the nation. He expressed the unique enforcement challenges in the CNMI, given the islands' strong customs and its relatively small communities.



Left: Former OPA senior analyst, Deanna Sablan (left), and OPA analyst, Donnalynn Castro (right) at the 2006 SPASAI Congress.

ASSOCIATION OF PACIFIC ISLAND PUBLIC AUDITORS (APIPA)

In January 1988 the heads of audit organizations of five Pacific Island nations, including the CNMI, entered into a Memorandum of Understanding to form APIPA. APIPA promotes resource sharing, provides professional development opportunities, and allows for the discussion of issues of common concern among member organizations.

There are currently 13 members of APIPA, including the U.S. affiliated entities. As active members since APIPA's inception, OPA hosted the first APIPA organizational meeting in March 1988. OPA had the honor of hosting the APIPA annual conference in 2001 and once again will be honored to host it in 2008. In 2001 Mr. Sablan served as the APIPA Chairman and will serve in this position again in 2008.

Through OPA's membership in APIPA and the relationships it has developed with OIA, OPA was able to secure critical funding for peer reviews for each of the APIPA member organizations. The peer reviews were conducted and completed from 2003 through 2005.

PROFESSIONAL AFFILIATIONS

ASSOCIATION OF GOVERNMENT ACCOUNTANTS (AGA)

The AGA provides support for the careers and professional development of government finance professionals nationwide. There are currently over 14,000 AGA members.

As active members in AGA, OPA has taken the lead in reactivating the local AGA chapter and is working closely with AGA's national office to administer the Certified Government Financial Manager (CGFM) test locally. OPA hopes to begin administering the test in early 2008 on Saipan. The CGFM designation is offered by the AGA and sets a standard for government financial managers.

Mr. Sablan served as the 2004-2005 Regional Vice President for the Pacific Rim Region, which includes Hawaii, Guam, the CNMI, Japan, and Korea. In 2005 and 2007, Mr. Sablan was awarded the AGA National President's Award, and the RVP Silver Level Award in 2006.

SOCIETY FOR HUMAN RESOURCE MANAGEMENT (SHRM)

SHRM's mission is to serve the needs of the human resource professionals by providing the most essential and comprehensive resources available. It is the world's largest association dedicated to human resource management. SHRM has more than 500 affiliated chapters, including the CNMI. OPA has is an active participant in the local SHRM chapter.

COMMUNITY INVOLVEMENT

MARINE BEACH CLEANUP

On October 20, 2006, OPA was one of many community groups, businesses, and government agencies that participated in the Beautify CNMII 10/20 on 10/20 cleanup event. OPA staff planted trees, painted pavilions, and cleaned the surrounding areas of Marine Beach in Kagman.



Above: Claudine Diaz (left) and Imelda Barcinas (right) clean Marine Beach.

2007 INTER-GOVERNMENT BASKETBALL LEAGUE

Sponsored by Security Title Inc., OPA reigned victorious in the 2007 Inter-government Basketball Championship. On June 1, 2007 OPA beat the Northern Marianas College Proas 99-82.



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