



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

Internet Address: <http://www.opacnmi.com>

2nd Floor J. E. Tenorio Building, Middle Road

Gualo Rai, Saipan, MP 96950

Mailing Address:
P.O. Box 1399
Saipan, MP 96950

E-mail Address:
opa@mtccnmi.com

☎ (670) 234-6481/2
☎ Fax: (670) 234-7812

March 20, 1997

The Honorable Froilan C. Tenorio
Governor of the Commonwealth of the Northern Mariana Islands

and

The Honorable Jesus T. Sablan
President of the Senate
Tenth Northern Marianas Commonwealth Legislature

and

The Honorable Diego T. Benavente
Speaker of the House of Representatives
Tenth Northern Marianas Commonwealth Legislature

Dear Governor Tenorio, President Sablan, Speaker Benavente:

Subject: Cover Letter - Final Report on the Audit of the Executive Branch of the CNMI Government's Professional Services Contracts from October 1991 to July 1995 (Report No. AR-97-05)

The enclosed audit report presents the results of our audit of CNMI Government professional services contracts of the Executive Branch from October 1991 to July 1995. The objectives of the audit were to determine whether (1) contractors performed the scope of work or submitted deliverables required under professional services contracts paid by the CNMI Government, (2) payments to contractors were accurate and adequately supported, (3) professional services contracts procured through the sole source method qualified for sole source procurement, (4) professional services contracts complied with procurement regulations on contract review, processing, and oversight, and (5) existing procurement rules and regulations were adequate to prevent misuse and abuse of public funds.

Our audit showed that (1) the CNMI Government made full or substantial payments totaling \$253,000 to several contractors who failed to perform the scope of work and submit contract deliverables required under professional services contracts, (2) sole source procurement of

professional services contracts was regularly used to waive competitive proposal requirements without adequate justification and more than \$6.19 million worth of sole-sourced contracts did not qualify for sole source procurement, and (3) professional services contract valued at more than \$4.08 million contained terms and conditions which were unclear or unfavorable to the CNMI (e.g., scope of work was not specific, contract deliverables depend on what may be required by the contracting officer, maximum contract amount was not set) resulting in the lack of assurance of the contracts' necessity or reasonableness of contract prices. In addition, (4) questionable payments totaling \$282,000 (e.g., no supporting documents, amounts paid different from contract terms, double payments) were made because of inadequate review by the Department of Finance (DOF), and (5) procurement regulations on contract review, processing, and oversight were not complied with by the Procurement & Supply (P&S) and contracting agency officials (e.g., contractors were allowed to sign contracts before the required government signatories, contractors were allowed to start work and were even paid before completion of contract processing).

We recommended that the Secretary of Finance (for Recommendations 1 and 4 to 13) (1) issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating advance payments and contract monitoring; develop detailed procedures for the appropriate use of sole source procurement, and direct the P&S Director to implement such procedures which should include (4) enforcing the rule that all professional services contracts be awarded through competitive proposals, (5) ensuring that written determinations issued by the P&S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement, (6) ensuring that alternative sources be considered in sole source procurement; (7) issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating cost, scope of work and deliverables, and contract renewals; issue a memorandum instructing the DOF - Accounting Section to (8) recover or offset from future payments the \$15,079 overpayments to contractors, (9) adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors; (10) issue a memorandum to the P&S Director to develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that have the same scope of work and whose periods overlap; (11) issue a memorandum to the P&S Director requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight; (12) issue a memorandum to the P&S Director requiring him to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior to the date of completion of contract processing; and (13) issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.

We also recommended that the four Contracting Agencies of contracts whose scope of work were not performed¹ (for Recommendations 2 and 3) (2) initiate the termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&S Director who should do the required contract termination procedures (Contracts C50322 and C50297 were already canceled, thus, Recommendation 2 is not applicable), and (3) recover payments (including interest) made to contractors which we identified as having been paid without performing their work, and refer those who refuse to pay to the Attorney General's (AG) Office for legal action.

In his letter dated November 29, 1996, the Secretary of Finance concurred with all the 11 recommendations addressed to him and has taken corrective measures in areas under his control. He stated that final rules and regulations regarding the matters discussed in the report will be included in the revised procurement regulations being developed by the Attorney General's Office. In the meantime, he will issue interim policies and procedures to this effect.

In response to Recommendation 3, the Acting Attorney General, in lieu of the Secretary of Finance for Contract C50322, stated in his letter dated December 20, 1996 that his office is continuing its efforts to collect against the contractor while the former Chairman of the Constitutional Convention Committee (for Contract C50297) stated in his December 20, 1996 letter that since the Third ConCon Committee has ceased to exist, the Secretary of Finance should take the initiative to attempt to recover any such payments. In response to Recommendations 2 and 3, the Governor (for Contracts C40222, C40122, C50098, C40113, and C50108) stated in his letter response dated January 14, 1997 that he is forming a review committee to independently review each of the contracts discussed in the report and based on the review, appropriate corrective action will be initiated. The Office of Management & Budget for Contract C40276) stated in his December 16, 1996 letter that it is not entirely the contractor's fault that contractual obligations were not performed, thus, he preferred that the situation be discussed with the contractor both in terms of the amended scope of work and consideration and amend the contract accordingly, including a new executory period.

Based on the responses we received from DOF, we consider 5 recommendations resolved and 6 recommendations open. We consider the recommendation addressed to the AG's Office resolved and the recommendation addressed to the ConCon Committee remains open and is redirected to the Secretary of Finance. The recommendations addressed to the Office of the Governor remain open and those addressed to the Office of Management & Budget are considered resolved. The additional information or action required to consider the other recommendations closed is presented in **APPENDIX L**.

1 The Contracting Agencies are as follows: (1) Office of the Attorney General (in lieu of the Secretary of Finance for Contract C50322), (2) Former Chairman of the Constitutional Convention Committee (for Contract C50297), (3) Office of the Governor (for Contracts C40222, C40122, C50098, C40113, and C50108), and (4) Office of Management & Budget (for Contract C40276). The first two agencies do not need to respond to Recommendation 2.

Sincerely,

ORIGINAL SIGNED

Leo L. LaMotte
Public Auditor, CNMI

cc: Lt. Governor
Tenth CNMI Legislature (27 copies)
Secretary of Finance
Attorney General
Special Assistant for Management and Budget
Public Information Officer
Press

CONTENTS

EXECUTIVE SUMMARY	i
-------------------------	---

INTRODUCTION

Background	1
Objectives, Scope, and Methodology	3
Prior Audit Coverage	4

FINDINGS AND RECOMMENDATIONS

A. Contractors Paid Despite Failure to Perform Scope of Work	5
B. Sole Source Procurement Not Adequately Justified	20
C. Existing CNMI Procurement Regulations Are Inadequate and Need to be Improved	25
D. Questionable Payments to Contractors	32
E. Other Matters	36

APPENDICES

A List of Professional Services Contracts (from October 1991 to July 1995)	40
B. Copies of Articles of Mr. Del Rosario Which Appeared to be CHC-Related and Summary of Articles Which Appeared to be Discussing Health Reform	53
C. Sole Source Procurement Not Adequately Justified	58
D. Contracts Without Assurance of Being Necessary and Reasonably Priced Because of Inadequate Procurement Regulations	62

E. Payments to Contractors Not Adequately Supported	67
F. Payments Prior to Contract Processing Completion	68
G. Secretary of Finance's Letter Response Dated November 29, 1996	69
H. Governor's Letter Response Dated January 14, 1997	73
I. Former Constitutional Committee Chairman's Letter Response Dated December 20, 1996	78
J. Special Assistant for Management and Budget's Letter Response Dated December 16, 1996	80
K. Acting Attorney General's Letter Comment Dated December 20, 1996	82
L. Status of Recommendations	88

EXECUTIVE
SUMMARY

Our audit showed that (1) the CNMI Government made full or substantial payments totaling \$253,000 to several contractors who failed to perform the scope of work and submit contract deliverables required under professional services contracts, (2) sole source procurement of professional services contracts was regularly used to waive competitive proposal requirements without adequate justification and more than \$6.19 million worth of sole-sourced contracts did not qualify for sole source procurement, and (3) professional services contracts valued at more than \$4.08 million contained terms and conditions which were unclear or unfavorable to the CNMI (e.g., scope of work was not specific, contract deliverables depend on what may be required by the contracting officer, maximum contract amount was not set) resulting in the lack of assurance of the contracts' necessity or reasonableness of contract prices. In addition, (4) questionable payments totaling \$282,000 (e.g., no supporting documents, amounts paid different from contract terms, double payments) were made because of inadequate review by the Department of Finance, and (5) procurement regulations on contract review, processing, and oversight were not complied with by the Procurement & Supply and contracting agency officials (e.g., contractors were allowed to sign contracts before the required government signatories, contractors were allowed to start work and were even paid before completion of contract processing).

The Office of the Public Auditor (OPA) initiated this audit based on the request of House Speaker Diego T. Benavente on July 10, 1995. The Speaker was particularly concerned about noncompliance of private firms and individuals with their obligations as stipulated in independent contracts with the CNMI Government for fiscal years (FY) 1994 and 1995. Subsequently, on July 25, 1995, Lt. Governor Jesus C. Borja requested that we include contracts from the prior administration for comparison purposes.

The Executive Branch of the CNMI Government executed 253 professional services contracts during fiscal years 1992 to 1995 (up to July 20, 1995) totaling \$12.88 million.

Under 1 CMC §2553(j) of the Commonwealth Code, the Department of Finance (DOF) has the duty and responsibility to control procurement and supply in the Commonwealth, particularly in the Executive Branch of the Government. This authorizes DOF to promulgate CNMI Procurement Regulations. Within DOF, the Division of Procurement and Supply (P&S) was established to assist the Secretary of Finance in the execution of duties related to government procurement.

The objectives of the audit were to determine whether (1) contractors performed the scope of work or submitted deliverables required under professional services contracts paid by the CNMI Government, (2) payments to contractors were accurate and

adequately supported, (3) professional services contracts procured through the sole source method qualified for sole source procurement, (4) professional services contracts complied with procurement regulations on contract review, processing, and oversight, and (5) existing procurement rules and regulations were adequate to prevent misuse and abuse of public funds.

The scope of our audit focused on professional services contracts procured under sole source, expedited, and emergency methods because, in our opinion, these are more vulnerable to abuse than competitively procured contracts. Our audit covered professional services contracts entered into from October 1, 1991 to July 20, 1995 (FYs 1992 to 1995).

CONTRACTORS PAID DESPITE FAILURE TO PERFORM SCOPE OF WORK

CNMI procurement regulations should include specific policies and procedures on advance payments and contract monitoring to prevent payments to contractors who fail to fulfill their contract obligations. Our audit showed, however, that the CNMI Government made full or substantial payments to several contractors who failed to perform the scope of work and submit contract deliverables required under professional services contracts. This occurred because of the lack of written policies and procedures which would restrict (1) advance payments to contractors without sufficient justification, and (2) certification of payments by Contracting Officers without obtaining evidence of contract performance and completion. In addition, Contracting Officers did not take

timely action against erring contractors or even report their nonperformance to the P&S Director, who is responsible for initiating termination of contracts for default. As a result, public funds totaling about \$253,000 were wasted or spent without evidence of any public benefit, and should be recovered.

Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the P&S Director to:

1. Develop and implement written policies and procedures regulating advance payments and contract monitoring.

We also recommend that the Contracting Agencies of contracts whose scope of work were not performed¹:

2. Initiate the termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&S Director who should do the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, thus, Recommendation 2 is not applicable).
3. Recover payments (including interest) made to contractors which we identified as having been paid without performing

¹ The Contracting Agencies are as follows: (1) Office of the Attorney General (in lieu of the Secretary of Finance for Contract C50322), (2) Former Chairman of the Constitutional Convention Committee (for Contract C50297), (3) Office of the Governor (for Contracts C40222, C40122, C50098, C40113, and C50108), and (4) Office of Management & Budget (for Contract C40276). The first two agencies do not need to respond to Recommendation 2.

their work, and refer those who refuse to pay to the Attorney General's (AG) Office for legal action.

SOLE SOURCE PROCUREMENT NOT ADEQUATELY JUSTIFIED

Under the CNMI Procurement Regulations, professional services contracts should generally be procured using competitive sealed proposals. A contract, however, may be awarded without competition, *i.e.* through sole source procurement, if the P&S Director, based on written justifications provided by the Contracting Officers, declares in writing that there is only one source for the required service. Our audit showed, however, that the Executive Branch of the CNMI Government used the sole source method to waive proposal requirements without providing adequate justification. This occurred because the P&S Director allowed use of sole source procurement although the justifications submitted by Contracting Officers to warrant sole source procurement were inadequate. This also occurred because of the lack of written policies and procedures on how to address the requirement in the Procurement Regulations that alternative sources were considered in sole source procurement. As a result, the Procurement Regulations were circumvented because a review of 84 sole-sourced contracts selected for detailed audit showed that 76, or more than 90 percent, amounting to \$6.19 million (including amendment costs) did not qualify for sole source procurement.

Accordingly, we recommend that the Secretary of Finance develop detailed

procedures for the appropriate use of sole source procurement, and direct the P&S Director to implement such procedures which should include:

4. Enforcing the rule that all professional services contracts be awarded through competitive proposals. It should be the *preferred method* of procurement and should not be circumvented by employing the sole source procurement method, unless adequately justified.
5. Ensuring that written determinations issued by the P&S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement.
6. Ensuring that alternative sources be considered in sole source procurement.

EXISTING CNMI PROCUREMENT REGULATIONS ARE INADEQUATE AND NEED TO BE IMPROVED

Adequate procurement rules and regulations should be in place to maximize the use of public funds and to prevent fraud, waste, and abuse. Our audit showed, however, that the Contracting Officers of various CNMI agencies (1) entered into 66 contracts without justification of the contract price negotiated with contractors, (2) authorized contract amendments which doubled or substantially increased the original amounts of 5 contracts, (3) entered into 13 contracts whose scope of work was not specific or whose contract deliverables depend on what may be required by the

Contracting Officers (looking like personal services contracts exceeding Full Time Employee (FTE) ceilings), (4) entered into 4 "open-ended" contracts without setting the maximum contract price, and (5) allowed the repeated renewals of 4 sole source contracts without competition. These conditions occurred because CNMI Procurement Regulations are inadequate. As a result, the CNMI had no assurance that government contracts valued at \$4.08 million were necessary or were negotiated at a fair and reasonable price.

Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the P&S Director to:

7. Develop and implement written policies and procedures regulating cost, scope of work and deliverables, and contract renewals.

QUESTIONABLE PAYMENTS TO CONTRACTORS

Adequate review of contract payments should be performed to ensure that services are accurately paid for in accordance with CNMI Government standard independent contractor agreements. Our audit showed, however, that DOF did not adequately review contract payments resulting in (1) payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors, (2) payments of amounts different from the term of the contract, and (3) double payments. This occurred because DOF did not follow review procedures over contract payments. As a result, the CNMI incurred \$282,269 in questionable payments, consisting of payments

without adequate supporting documents totaling \$267,190, payments inconsistent with contract terms totaling \$8,004, and double payments totaling \$7,075.

Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the DOF - Accounting Section to:

8. Recover or offset from future payments the \$15,079 overpayments to contractors.
9. Adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors.

To prevent possible double billings, we recommend that the Secretary of Finance issue a memorandum to the P&S Director to:

10. Develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that have the same scope of work and whose periods overlap.

OTHER MATTERS

The Procurement Regulations (a) set forth the order in which contracts are to be approved by all parties, (b) provide that the P&S Director inform in writing the Contracting Officer that the contract has been signed by all parties and he may proceed with

contract implementation, (c) provide that the contractor does not sign the contract or incur any expenses under it until all government signatures have been obtained, and (d) provide that no contract is effective against the Commonwealth until all parties whose signatures are required on the contract form have signed the contract. Our audit showed, however, that (1) contracts were not approved by government officials in the order set forth in the Procurement Regulations, (2) contractors signed before rather than after government officials as required, (3) Completion of Contract Processing Memoranda to be prepared by the P&S Director were not found in contract files, (4) payments were made prior to the completion of contract processing, and (5) effective and expiration dates of contracts were prior to the completion of contract processing. This occurred because the P&S Director did not enforce compliance with the procurement regulations for contract review, processing, and oversight. This also occurred because of the lack of written policies and procedures regulating dating of contract periods. As a result, the procurement regulations were not complied with. Also, the practice of allowing contractors to sign a contract ahead of the required government officials, and to be paid and to start work prior to contract processing completion puts the CNMI at risk in case the contract is not completed because of disapproval by government officials.

Accordingly, we recommend that the Secretary of Finance:

11. Issue a memorandum to the P&S Director requiring the staff to

enforce compliance with procurement regulations on contract review, processing, and oversight.

12. Issue a memorandum to the P&S Director requiring him to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior to the date of completion of contract processing.

13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.

Department of Finance Response

The Secretary of Finance concurred with all the 11 recommendations addressed to him (Recommendations 1 and 4 to 13) and has taken corrective measures in areas under his control. He stated that final rules and regulations regarding the matters discussed in the report will be included in the revised procurement regulations being developed by the Attorney General's Office. In the meantime, he will issue interim policies and procedures to this effect.

Agencies' Responses for Recommendations 2 and 3

In response to Recommendation 3, the Acting Attorney General, in lieu of the Secretary of Finance for Contract C50322, stated that his office is continuing its efforts to collect against the contractor while the former Chairman of the Constitutional Convention Committee (for Contract

C50297) stated that since the Third ConCon Committee has ceased to exist, the Secretary of Finance should take the initiative to attempt to recover any such payments. In response to Recommendations 2 and 3, the Governor (for Contracts C40222, C40122, C50098, C40113, and C50108) stated that he is forming a review committee to independently review each of the contracts discussed in the report and based on the review, appropriate corrective action will be initiated. The Office of Management & Budget for Contract C40276) stated that it is not entirely the contractor's fault that contractual obligations were not performed, thus, he preferred that the situation be discussed with the contractor both in terms of the amended scope of work and consideration and amend the contract accordingly, including a new executory period.

OPA Comments

Based on the responses we received from DOF, we consider 5 recommendations resolved and 6 recommendations open. We consider the recommendation addressed to the AG's Office resolved and the recommendation addressed to the ConCon Committee remains open and is redirected to the Secretary of Finance. The recommendations addressed to the Office of the Governor remain open and those addressed to the Office of Management & Budget are considered resolved. The additional information or action required to consider the other recommendations closed is presented in **APPENDIX L**.

Introduction

Background

The Office of the Public Auditor (OPA) initiated this audit based on the request of House Speaker Diego T. Benavente on July 10, 1995. The Speaker was particularly concerned about noncompliance of private firms and individuals with their obligations as stipulated in independent contracts with the CNMI Government for fiscal years (FY) 1994 and 1995. Subsequently, on July 25, 1995, Lt. Governor Jesus C. Borja requested that we include contracts from the prior administration for comparison purposes.

Professional Services Contracts

The Executive Branch of the CNMI Government executed 253 professional services contracts during fiscal years 1992 to 1995 (up to July 20, 1995) totaling \$12.88 million (See APPENDIX A for details).

Fiscal Year	No. of Contracts	Contract Amount
1992	52	\$ 2,417,849
1993	50	2,277,886
1994	76	3,022,241
1995	75	5,166,904 ¹
	253	\$ 12,884,880

The CNMI used professional services contracts to acquire a wide variety of services as follows:

1. **Consulting services** for information, analysis, and opinion in either oral or written form, including reports on surveys conducted, studies made, programs evaluated, systems to be installed, and programs to be implemented.
2. **Legal services** in lawsuits filed against the agency.
3. **Guidelines and plans development**, such as the preparation of written policies and procedures.

¹ Included are six extraordinary contracts, four of which totaling \$1.6 million were funded by the Department of Interior (DOI) for labor, immigration, and law enforcement reform initiatives, and two of which totaling \$1.2 million were the result of the CHC nursing privatization. These contracts totaling \$2.8 million accounted for 53% of the total contract amount during FY 1995.

4. **Staff development** including presentation of various training programs and seminars.
5. **Diagnostic services** to test, examine, evaluate, and treat hospital patients.
6. **Manpower services** for professional nurses.

CNMI Procurement Regulations

Under 1 CMC §2553(j) of the Commonwealth Code, the Department of Finance (DOF) has the duty and responsibility to control procurement and supply in the Commonwealth, particularly in the Executive Branch of the Government. This authorizes DOF to promulgate CNMI Procurement Regulations whose policies include (1) consistent procurement policies and practices among the various branches, activities, and agencies of the Commonwealth; (2) assurance of fair and equitable treatment of persons who deal with the procurement system of the Commonwealth; and (3) increased economy in Commonwealth procurement activities and maximization to the fullest extent practicable of the purchasing value of public funds.

Within DOF, the Division of Procurement and Supply (P&S) was established to assist the Secretary of Finance in the execution of duties related to government procurement.

Source Selection

As a general rule, all government contracts are to be awarded by competitive sealed bids except when authorized under other methods of procurement like sole source, emergency procurement, expedited procurement, and small purchases.

For ***professional services contracts***, however, the preferred method of procurement is competitive sealed proposals. Under this method, proposals are solicited through a Request for Proposals (RFP), and award is made to the responsible offeror whose proposal is most advantageous to the government taking into consideration price and the evaluation factors set forth in the RFP. Although not prohibited, there were instances where competitive sealed bids were used for professional services contracts, instead of competitive sealed proposals. Under the competitive sealed bidding method, bids are solicited through an Invitation For Bids (IFB) and award is made to the lowest responsive bid by a responsible bidder whose bid fully meets the requirements of the IFB. The difference between the two methods, however, is that in competitive sealed bids, the detailed specifications of the goods or services being procured are specifically provided in the IFB and vendors are required to strictly adhere to

the specifications, while in competitive sealed proposals, only the general requirements of the goods or services being procured are provided in the RFP and vendors may submit proposals that substantially meet or exceed the requirements.

Use of other methods of procurement requires compliance with the following criteria.

1. **Sole Source** - This method is used if it is determined that there is only one source for the required service. Contracting Officers need to justify and explain the unique capabilities required, why they are required, and consideration given to alternative sources.
2. **Emergency procurement** - This method is used if it is determined that there exists an immediate threat to public health, safety, or welfare.
3. **Expedited Procurement** - This method may be used for procurement under \$25,000, if it is determined that the need for a service is urgent and the cost is comparable to a procurement from a sole source or through the competitive process.
4. **Small Purchases** - This method is used if the procurement is valued at less than \$10,000; however, price quotations from at least three vendors is needed if the purchase is from \$2,500 to \$10,000. Purchases below \$2,500 do not need quotations.

Use of the procurement methods described above also requires compliance with written justifications as specified in the CNMI Procurement Regulations.

Objectives, Scope, and Methodology

The objectives of the audit were to determine whether (1) contractors performed the scope of work or submitted deliverables required under professional services contracts paid by the CNMI Government, (2) payments to contractors were accurate and adequately supported, (3) professional services contracts procured through the sole source method qualified for sole source procurement, (4) professional services contracts complied with procurement regulations on contract review, processing, and oversight, and (5) existing procurement rules and regulations were adequate to prevent misuse and abuse of public funds.

The scope of our audit focused on professional services contracts procured under sole source, expedited, and emergency methods because, in our opinion, these are more vulnerable to abuse than competitively procured contracts. Our audit

covered professional services contracts entered into from October 1, 1991 to July 20, 1995 (FYs 1992 to 1995). We examined the contracts of those contractors whose one or more contracts exceeded \$50,000 and other contracts which are considered worthy of examination, which represented about 86 percent of audit scope total cost. Our audit included review and evaluation of contract document files, disbursement documents, and contracting agencies' files of contractors' work. We tested transactions related to contract processing, contractors' performance of scope of work, and payments; inquired from contractors in cases where little or no evidence of performance of scope of work could be found in contracting agencies' files and disbursement documents; and met with personnel responsible for these matters at P&S, DOF, and contracting agencies.

We performed our audit at DOF-P&S and Finance & Accounting offices and various contracting agencies' offices in Saipan from September to December 1995. The audit was made, where applicable, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures as were considered necessary in the circumstances.

**Prior Audit
Coverage**

OPA has conducted several financial and performance audits of various CNMI government agencies, which to a limited extent included the review of professional services contracts; however, this is the first comprehensive audit of the CNMI Government Executive Branch's professional services contracts.

Findings and Recommendations

A. Contractors Paid Despite Failure To Perform Scope Of Work

**Public Funds
Totaling
\$253,000
Should Be
Recovered**

CNMI procurement regulations should include specific policies and procedures on advance payments and contract monitoring to prevent payments to contractors who fail to fulfill their contract obligations. Our audit showed, however, that the CNMI Government made full or substantial payments to several contractors who failed to perform the scope of work and submit contract deliverables required under professional services contracts. This occurred because of the lack of written policies and procedures which would restrict (1) advance payments to contractors without sufficient justification, and (2) certification of payments by Contracting Officers without obtaining evidence of contract performance and completion. In addition, Contracting Officers did not take timely action against erring contractors or even report their nonperformance to the Director of Procurement and Supply (P&S), who is responsible for initiating termination of contracts for default. As a result, public funds totaling about \$253,000 were wasted or spent without evidence of any public benefit, and should be recovered.

Discussion

The CNMI Government's standard independent contractor agreement only provides that the Commonwealth agrees to pay the contractor a specified amount in exchange for the completion of the scope of work and submission of contract deliverables as described in the contract within a specified date. There were no guidelines, however, concerning advance payments and monitoring of the progress of work performed by contractors.

To prevent payments to contractors who fail to fulfill their contract obligations, the CNMI should have specific policies on advance payments and contract monitoring. These policies could be patterned after the Federal Acquisition Regulations (FAR) such as the following:

Advance Payments

The CNMI should limit granting of advance payments to contractors. Written guidelines should be established to ensure that advance payments are granted only when certain requirements or standards are met. For example, the general provisions of subpart 32.4 of FAR provides that agencies shall authorize advance payments sparingly, that advance payment is the *least preferred method* of contract financing and that, generally, they should not be authorized if other type of financing are reasonably available to the contractor in adequate amounts (e.g.,

if the contractor has access to commercial loans from financial institutions, advance payments should not be made).

FAR also provides guidelines as to *what types of contracts* may be granted advance payments.² In addition, the contracting officer generally recommends that an agency authorize advance payments only if *statutory requirements* and *standards for advance determinations* are met.³

Contract Monitoring

The CNMI needs to adopt some form of contract monitoring to ensure that work is performed by contractors before payments are made. For example, under subpart 42.11 of FAR, monitoring of contracts is accomplished through "production surveillance and reporting." Production surveillance is performed by "contract administration office personnel" who shall be responsible for review and analysis of (1) contractor performance plans, schedules, controls, and industrial processes, and (2) the contractor's actual performance under them. Under reporting requirements, contractors may be required to submit production progress reports which will be reviewed by the contract administration office. The office may issue a report advising the Contracting Officer of any potential delay or actual delay in performance. This advice shall (1) be in writing, (2) be provided in sufficient time for the contracting officer to take necessary action, and (3) provide a definite recommendation, if action is appropriate. For example, the office may recommend that payments be withheld if performance of the contract is delayed or incomplete. Further, Subpart 37.205 of FAR requires procedures for a written evaluation at the conclusion of the contract to assess the utility of the deliverables to the agency and the performance of the contractor.

Similarly, the CNMI should consider establishing a contract administration section within the P&S Division, which will be responsible for monitoring contract performance (surveillance) and reporting. The section should obtain

2 Under the FAR, advance payments may be considered useful and appropriate for contracts involving experimental, research, and development work, contracts for management and operation of Government-owned plants, contracts which are highly classified in nature, contracts with financially weak contractors whose technical abilities are essential to the agency, contracts for which a loan is not practicable, etc.

3 Examples of statutory requirements provided under the FAR are (1) the contractor should give adequate security, (2) the advance payment should not exceed the unpaid contract price, and (3) the agency head determines, based on written findings, that the advance payment is in the public interest or facilitates national defense. Examples of the standards for advance payment determination are (1) the advance payments will not exceed the contractor's interim cash needs based on analysis of cash flow requirements for contract performance, consideration of reimbursement cycle, and employment of contractor's own working capital, (2) the advance payments are necessary to supplement other funds or credit available to the contractor, (3) the recipient has been prequalified as a responsible contractor, etc.

and review evidence of performance of work by contractors and should be empowered to disallow payments for nonperformance of contracts.

Remedies for Nonperformance of Contracts

Section 12.1 of the CNMI independent contractor agreement provides that if the contractor refuses or fails to perform any provision of the contract with such diligence as will ensure its completion within the time specified in the contract, the P&S Director may notify the contractor in writing of the delay or nonperformance, and if not cured in ten (10) days or any longer time specified in writing by the P&S Director, the Director *may terminate* the contractor's right to proceed with the contract or such part of the contract as to which there has been delay or failure to properly perform.

Nonperformance by the contractor also constitutes a violation of CNMI Procurement Regulations. Section 1-104 requires all parties, including contractors and suppliers involved in the negotiation, bidding, or performance of government contracts, to act in good faith. Section 6-212 provides that deliberate failure without good cause to perform in accordance with the specifications within the time limits provided in the contract can cause *debarment* from consideration for award of contracts.

Existing CNMI laws also provide remedies in case of nonperformance. For example, Restatement of Contracts, Second, Chapter 16, §373 (1), states: "on a breach by nonperformance ... the injured party is entitled to *restitution* for any benefit that he has conferred on the other party..." Further, the law also provides that "if a breach consists of a failure to render a performance with fixed or ascertainable monetary value, *interest is recoverable* [Ch.16 §354 (1)...]"

Payments Made to Contractors Who Failed To Perform Their Work

Of the 85 professional services contracts selected for examination⁴, our audit showed that the CNMI made full or substantial payments totaling \$253,000 on eight professional services contracts despite the contractors' failure to perform the scope of work and submit contract deliverables. We found that Contracting Agencies authorized advance payments to contractors without adequate justification and certified payments without obtaining evidence of contract performance and completion. A summary of the contracts is presented on the following table:

4 Representing contracts of contractors whose one or more contracts exceeded \$50,000, and other contracts which are considered worthy of examination, for the period from October 1, 1991 to July 20, 1995.

Contracting Agency/Contractor	Contract Period	Contract Amount	Total Payments	Scope of Work
1. Department of Finance				
C50322 - Gregorio C. Sablan, Creative Networking Consulting	06/01/95-12/31/95	\$60,000	\$30,000	To establish written policies relating to the group health insurance program.
2. Pre- Constitutional Convention Committee				
C50297 - Gregorio C. Sablan	06/01/95-08/05/95	12,639	5,833	To provide the primary administrative services and support and for other purposes to the Pre-ConCon Committee.
3. Governor's Office				
C40222 - B&M Consulting Services	06/01/94-05/31/95	42,000	26,950	To assist Sen. David Cing in all aspects of Commonwealth-Federal Relations including the Covenant Section 902 Consultations, etc.
C40122 - DC Consulting Services	02/01/94-10/01/94	28,672	28,672	To provide consulting services on matters and issues relating to Tinian.
C50098 - DC Consulting Services	10/01/94-09/30/95	40,000	40,000	- do -
C40113 - JR & Associates	01/01/94-06/30/94, to 09/30/94	52,000	49,600	Prepare "Image Building" Program on health care delivery at CHC, including organization of a health symposium for the CNMI for April 1994.
C510108 - JR & Associates	10/01/94-09/30/95	48,000	48,000	Assist the Gov. Office, especially DPH in the formulation and promotion of the proposed health reform program for the CNMI.

Contracting Agency/Contractor	Contract Period	Contract Amount	Total Payments	Scope of Work
4. Office of Management and Budget				
C40276 - International Management, Ltd.	09/20/94-02/28/95	36,000	24,000	Documentation of operational procedures of the different offices within the Executive Branch of the Govt. via the use of an "Operations Manual"
Total		\$319,311	\$253,055	

1. Department of Finance

Our review of contract documents and discussions with DOF officials and employees showed that a contractor (*i.e. Gregorio C. Sablan, Creative Networking Consulting*) was granted a \$30,000 advance payment representing 50 percent of the contract amount without adequate justification. The contractor subsequently failed to perform any of the scope of work specified in the contract and the CNMI Government had no recourse but to sue the contractor to recover the advance payment.

Contract C50322 - The Secretary of Finance executed a contract with Gregorio C. Sablan, Creative Networking Consulting, requiring the latter to assist DOF in implementing OPA's recommendations in the audit of the CNMI Group Health Insurance program. Total contract cost was \$60,000 payable as follows: \$30,000 upon completion of contract processing and \$5,000 on the last day of each month from July to December 1995. There was no explanation why a 50 percent advance payment was required upon completion of contract signing. The \$30,000 advance payment was paid upon completion of contract signing. Our review of the contract and disbursement documents and discussions with DOF officials and employees showed, however, no evidence that the contractor performed any of the scope of work specified in the contract.

On October 24, 1995, OPA formally referred the matter to the Attorney General (AG) and the P&S Director for investigation and action. OPA also sent a letter to the contractor on November 27, 1995 to inform him that the finding on his nonperformance of the contract would be included in the draft audit report unless he could provide sufficient supporting documentary evidence showing delivery of the contract requirement. As of this report date, however, no response was received.

On March 14, 1996, the AG's Office sued the contractor for nonperformance of the contract. Several articles were published in local newspapers regarding the matter. The Secretary of Finance sent a formal notice to the contractor requesting him to perform the contract or be declared in default as of February 7, 1996. No deliverables, however, were provided before the deadline set by the Secretary. The AG's Office asked the Superior Court to order the contractor to pay \$30,000 in restitution, plus \$2,700 interest as of March 1996 to the CNMI Government.

We received information that the contractor recently turned in deliverables to the Attorney General's Office in connection with this contract. On August 5, 1996, we requested the Attorney General's Office to update us on the status of the case and provide us a copy of the deliverables turned in. In the December 20, 1996 letter response of the Acting Attorney General to the draft report, he stated that a default judgment has been obtained against the contractor. Collection under the judgment, however, is only possible to the extent that assets or income is available which can be attached. The AG's Office is continuing its efforts to collect in this matter.

2. Pre- Constitutional Convention (ConCon) Committee

Our review of contract documents and communication with the ConCon Chairman showed that a contractor (*i.e.* Mr. Gregorio C. Sablan) failed to perform the administrative and support services required under his \$12,639 contract with the ConCon Committee. The contractor received a total payment of \$5,833 as a result of contract terms which required a \$2,916.67 advance payment upon completion of contract signing and another \$2,916.67 automatic payment after 15 days.

Contract C50297 - The Chairman of the Pre-ConConCommittee executed a contract with Mr. Gregorio C. Sablan requiring the latter to provide the primary administrative services and support and for other purposes to the Pre-ConCon Committee from June 1, 1995 to August 5, 1995. Total contract cost was \$12,638.88 payable as follows: \$2,916.67 upon completion of contract processing, \$2,916.67 each on June 15, July 1 and 15, 1995, and \$972.22 on August 5, 1995. Again, advance payment was authorized without reasonable justification. The \$2,916.67 advance payment was paid upon completion of contract signing and the \$2,916.67 first automatic payment was paid on June 16, 1995. Further, our review of contract and disbursement documents and communication with the Chairman showed that Mr. Sablan failed to perform any administrative or support services to the Convention. The Chairman also provided us with a copy of a letter dated July 13, 1995 terminating the contract with Mr. Sablan because of nonperformance of work.

On November 28, 1995, OPA sent a letter to Mr. Sablan informing him that the findings on his nonperformance of the contract's scope of work will be included in the draft audit report unless he can provide sufficient supporting documentary evidence showing delivery of contract requirements. As of this report date, however, Mr. Sablan has not responded.

3. Office of the Governor

Our review of the contract and disbursement documents and discussions with the Executive Assistant to the Governor showed that three contractors (DC Consulting Services, B&M Consulting Services, and JR& Associates) failed to perform the scope of work specified in their five contracts with the CNMI Government. More than \$193,000 was paid out of the \$210,000 worth of contracts.

Contract C40122 (\$28,672) and C50098 (\$40,000) - The Governor executed two contracts with DC Consulting Services requiring the latter to provide consulting services on matters and issues relating to Tinian for \$68,672 over a 20-month period ending September 1995. The contractor was paid in full for these contracts based on his monthly billing statements and Contracting Officer's Request for Payment. However, billings submitted did not include any supporting documents or explanation of work performed. Our review of the contract documents and discussions with the Executive Assistant to the Governor, however, showed no evidence that the contractor performed any Tinian-related consulting services to the Governor.

OPA sent a letter to the contractor on November 27, 1995 to inform him that the finding on his nonperformance of the contract would be included in the draft audit report unless he could provide sufficient supporting documentary evidence showing delivery of contract requirements. As of this report date, however, no response was received.

Contract C40222 - The Governor executed a contract with B&M Consulting Services, requiring the latter to assist Senator David Cing in all aspects of Commonwealth-Federal Relations including the Covenant Section 902 Consultations, etc., for \$3,500 monthly or a total amount of \$42,000. The contractor was paid \$26,950 of the contract amount based on the contractor's monthly billing statements and Contracting Officer's Request for Payment. However, billings submitted did not include any supporting documents or explanation of work performed.

Our review of contract documents provided by Senator Cing's consultant, showed several memoranda and letters showing the contractor's involvement in obtaining funds for the construction of the Tinian Peace Memorial Monument. The documents, however, were not adequate evidence to conclude that the

contractor performed the scope of work. Thus, OPA sent a letter to the contractor on December 13, 1995 asking him to provide us with additional supporting documentary evidence showing delivery of contract requirements. As of this report date, however, no response was received.

Contract C40113 (\$52,000) and C50108 (\$48,000) - The Governor executed two contracts with JR and Associates requiring the latter to prepare an "Image Building" Program on health care delivery at CHC including organization of a Health Symposium for the CNMI for April 1994 and formulation and promotion of the proposed health reform program for the CNMI. The contracts amounted to \$8,000 a month for the first five months and \$4,000 a month on the next 15 months or a total of \$100,000. JR & Associates was paid \$97,600 of contract amounts based on the contractor's monthly billing statements and Contracting Officer's Request for Payment. However, billings submitted did not include any supporting documents or explanation of work performed. Our examination of the contract files maintained at the offices of both the Executive Assistant to the Governor and Administrative Specialist of the Department of Public Health showed no evidence that the contractor performed any of the scope of work described in the contract.

On November 28, 1995, OPA sent a letter to the contractor to inform him that the finding on his nonperformance of the contract would be included in the draft audit report unless he can provide sufficient supporting documentary evidence showing delivery of contract requirements. In the contractor's letter response to the Public Auditor dated December 9, 1995, he stated that because the contracts did not include budgetary provisions for administrative expenses as such, the only alternative was for JR & Associates to utilize his daily column ("Galaide and Proa" in the Marianas Variety) espousing the acceptance of CHC as a good county hospital. Copies of articles written (33 in English and 28 in vernacular) were attached to his letter response. However, only two articles appeared to be CHC-related, one in English and one in vernacular which was a translation of the English article (see **APPENDIX B**). Also, only five articles appeared to be discussing health reform (summarized in **APPENDIX B**). In our opinion, the articles cannot be considered evidence that the contractor performed the contract because they are not responsive to the scope of work specified in the contract. He could not justifiably substitute his articles as evidence of work performed under the contracts. Specific tasks outlined in the contract such as organization of a health symposium slated in April 1995 were not performed and the articles relating to CHC and health reform were not sufficient substitutes for contract performance; thus, in our opinion, the contractor is in default of his contract.

4. Office of Management & Budget

Our review of contract documents showed that a contractor (*i.e.* International Management, Ltd.) failed to perform the scope of work specified in his contract with OMB. \$24,000 out of the \$36,000 was already paid because of contract terms which required an \$18,000 advance payment upon completion of contract signing and a \$6,000 first automatic payment (2 months after contract signing).

C40276 - The former Special Assistant for Planning and Budget executed a contract with International Management, Ltd. requiring the latter to document the operational procedures of the different offices within the Executive Branch of the Government via the use of an "Operations Manual". Total contract cost was \$36,000 payable as follows: \$18,000 upon completion of contract processing, \$6,000 each on the first day of December 1994 and January and February 1995. Again, advance payment was authorized without reasonable justification. The \$18,000 advance payment was paid upon completion of contract signing and the \$6,000 first automatic payment was paid on November 30, 1994. Our review of contract documents showed, however, that the contractor failed to prepare an Operations Manual. In the November 17, 1995 letter to the Administrative Officer of the Office of Management & Budget, the contractor explained his reasons for not being able to prepare an "Operations Manual". The letter stated that the instruction of the former Special Assistant was to start on an operations manual for the Department of Labor (DOL). The contractor met on various occasions with the management and staff of DOL to schedule start of the work, but DOL management requested suspension of work until the new contract worker tracking system was in place and the other reorganizational matters currently being implemented were completed. The contractor subsequently contacted DOL who reaffirmed that scheduling for the project would be delayed for some time. The contractor discussed the matter with the current Special Assistant (the former Special Assistant had already been relieved of his duties) indicating the need to amend the contract and re-identify which projects are considered a priority. To date, no amendment has taken place. The payments made to the contractor totaling \$24,000 were not proportionate to the work already performed. At the rate of \$75 per hour, the contractor should have worked 320 hours, or about two months at 8 hours per day. This, however, would not have been possible because the contractor had only attended some meetings to schedule the start of work.

Causes and Effect

These conditions occurred because of the lack of written policies and procedures which would restrict (1) advance payments to contractors without sufficient justification, and (2) Contracting Officers to certify payments without obtaining evidence of contract performance and completion. Further, several Contracting Officers did not take timely action against contractors who failed to complete

their contracts or even report their nonperformance to the P&S Director who is responsible for initiating termination of contracts for default. As a result, public funds totaling about \$253,000 were wasted and spent without any public benefit, and should be recovered.

Conclusion and Recommendations

Because of the lack of written policies and procedures on advance payments and contract monitoring, contractors were paid despite failure to fulfill contract obligations. The CNMI should develop policies and procedures to prevent these conditions, enforce remedies provided under the CNMI Procurement Regulations and existing laws on contracts, and recover the payments made to the contractors. Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the P&S Director to:

1. Develop and implement written policies and procedures regulating advance payments and contract monitoring.
 - a. *Advance Payments.* Any contracting agency of the CNMI should limit granting of advance payments to contractors. The policy should clearly indicate (1) the nature and types of contracts which may be granted advance payments, and (2) the allowable amount or percentage of advance payments in relation to contract amount.
 - b. *Contract Monitoring.* The P&S Division should perform contract monitoring to ensure that payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications. The P&S Division should also consider establishing a contract administration section, similar to that described in FAR. Under this arrangement, P&S should designate a person with the title Contract Officer who would be responsible for monitoring contract performance/delivery and payment dates. In case of nonperformance/nondelivery, the contract officer should immediately recommend appropriate action (e.g. contract suspension, termination, stop payment) to DOF. This would be in lieu of waiting for the recommendation of such actions from the heads of contracting agencies. This procedure would reduce the risk of the heads of contracting agencies recommending payments without performance or delivery, or prior to determination that the actual scope of work was performed. Also, P&S should develop policies and procedures on debarment of contractors, which should indicate the criteria for debarring a contractor, system for maintaining a record of blacklisted contractors

and for ensuring that these contractors will not be given contracts by the Government.

We also recommend that the Contracting Agencies of contracts whose scope of work were not performed⁵:

2. Initiate the termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&S Director who should do the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, thus, Recommendation 2 is not applicable).
3. Recover payments (including interest) made to contractors which we identified as having been paid without performing their work, and refer those who refuse to pay to the AG's Office for legal action.

Recommendation 1

DOF/Governor's Office Response

The Secretary of Finance stated that final rules and regulations regarding advance payments to contractors and contract monitoring will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will instruct the P&S Director to issue interim policies and procedures regulating advance contract payments and contract monitoring, which is expected to be issued by January 31, 1997. He concurred that a contract administration section needed to be established to consolidate contract monitoring functions in one area. DOF is in the process of determining whether this section should be located in P&S, DOF's Secretary's Office, or the Governor's Office.

In addition to the DOF response, the Governor stated that he expects three interim actions to be taken by DOF pending adoption of the revised procurement regulations being developed by the AG's Office. First, written review and approval criteria to ensure adequate, pre-award assessments of sole source procurement in excess of \$25,000 will be developed. While absolute or artificial rules are impractical, these criteria will identify all factors that justify the legitimate use of the sole source process and will provide standards against

5 The Contracting Agencies are as follows: (1) Office of the Attorney General (in lieu of the Secretary of Finance for Contract C50322), (2) Former Chairman of the Constitutional Convention Committee (for Contract C50297), (3) Office of the Governor (for Contracts C40222, C40122, C50098, C40113, and C50108), and (4) Office of Management & Budget (for Contract C40276). The first two agencies do not need to respond to Recommendation 2.

which a reviewer can consistently evaluate requests for sole source procurement. Second, after being evaluated by the P&S Director, the responsibility for final approval of sole source justifications will be elevated to the Secretary of Finance's Office. This will ensure that the reviewer has the authority to (1) immediately request and receive necessary legal and policy advice, and (2) effectively reject unwarranted sole source procurement requests. Third, written guidelines on advance payments, retainers, and periodic payments will be developed to ensure that such contractual provisions are warranted and justified in light of modern business and professional practices.

OPA Comments

We consider Recommendation 1 resolved. The additional information or action required to close the recommendation is presented in **APPENDIX L**.

Recommendations 2 and 3

1. Office of the Attorney General Response [In Lieu of DOF Response] (for Contract C50322)

The Acting Attorney General stated that the AG's Office has obtained a default judgment against Mr. Sablan. Collection under the judgment, however, is only possible to the extent that assets or income is available which can be attached. The AG's Office is continuing its efforts to collect in this matter.

OPA Comments

We consider Recommendation 3 addressed to the AG's Office resolved. The additional information or action required to close the recommendation is presented in **APPENDIX L**.

2. Former Chairman of the Constitutional Convention Committee Response (for Contract C50297)

The former Chairman of the ConCon Committee stated that the Third ConCon was *not a part of the Executive Branch* or any of the other branches of the Commonwealth Government. He responded that since the Third ConCon Committee has ceased to exist, the Secretary of Finance should take the initiative to attempt to recover any such payments.

OPA Comments

We consider Recommendation 3 addressed to the former Chairman open. Although the 3rd ConCon Committee was not part of the Executive Branch or

any of the other branches of the Commonwealth Government, the contractor's failure to perform the scope of work was included in the audit finding because it is still in the best interest of the CNMI Government to recover improper payments made to the contractor. The recommendation, however, is redirected to the Secretary of Finance. The additional information or action required to close the recommendation is presented in **APPENDIX L**.

3. Office of the Governor Response (for Contracts C40222, C40122, C50098, C40113, and C50108)

The Governor responded that inadequate written documentation does not necessarily mean that some or all of the services required under a contract were not provided. Thus, he is forming a review committee comprised of representatives of DOF and AG's Office to independently review each of the contracts discussed in the report to determine whether and to what degree (1) the contract file documentation inadequately documents services actually rendered or (2) the vendor failed to provide the services required under the contract. Based on the review, appropriate corrective action will be initiated.

OPA Comments

We consider Recommendations 2 and 3 addressed to the Office of the Governor open. Although we accept the alternative courses of action cited by the Office of the Governor, the target date for completion of the review and the names of the officials who will be responsible should be provided. The additional information or action required to close the recommendations is presented in **APPENDIX L**.

4. Office of Management & Budget Response (for Contract C40276)

The Special Assistant for Management & Budget stated that it is not entirely the contractor's fault that contractual obligations were not performed, thus, he preferred that the situation be discussed with the contractor both in terms of the amended scope of work and consideration and amend the contract accordingly, including a new executory period. Recovery of excess payments, without interest, if warranted will also be discussed. This will be implemented by January 12, 1997.

OPA Comments

We consider Recommendations 2 and 3 addressed to the Office of Management & Budget resolved. The results of discussions with the contractor should be documented and provided to OPA. The additional information or action required to close the recommendations is presented in **APPENDIX L**.

Other Matters Discussed By Responding Agencies

In addition to their responses to the recommendations, several agencies discussed and commented on other matters contained in the draft audit report. A summary of the matters discussed by these agencies and our comments is presented below.

Office of the Governor

Besides his response to our recommendations, the Governor said that (1) the draft report fails to appreciate the legitimate factors underlying the justified reliance on the sole source process when senior administration officials seek independent and time-sensitive advice, guidance and extra-territorial representation; (2) the draft report fails to account for professional services and sole source contracts driven by extraordinary changes in the provision of governmental services or which were funded and approved by federal officials. Had these extraordinary contracts been discounted, it would have been discovered that the use of professional services contracts generally remained stable over the entire four-year audit period; and (3) the draft report's in-depth analysis was limited to contracts entered into by his administration although the draft report purports to cover a four-year audit period that includes the last two years of the prior administration.

OPA Comments

Our comments are as follows: (1) the audit does not question reliance of senior administration officials on sole source procurement. What was questioned was the lack of adequate justification for advance payments, and the lack of written documentation and evidence of completion or performance of work by contractors. These findings are serious and are the main points of our audit. Thus, our recommendations presented solutions to address these findings. (2) The report presented historical actual data based on verifiable records. The report does not attempt to perform any analytical comparison of sole source procurement made during the four-year audit period. This is not necessary because the objective of the audit was to determine whether there were lack of controls or noncompliance with procurement regulations over the sole source process, not analytical comparison between the current and previous administration. Hence, our recommendations were directed to findings relating to our objectives. (3) We examined in detail at least 85 professional services contracts from the current and previous administration representing contracts of contractors whose one or more contracts exceeded our cut-off ceiling of \$50,000. The contracts subjected to in-depth analysis were the only ones identified to have been substantially paid without adequate justification or evidence of work performed by contractors.

Office of the Attorney General

Although we did not seek official comments, the Acting Attorney General commented on certain sections of the draft report, as follows: (1) It would not be appropriate or effective to simply attempt to substitute another, more developed, system, such as the FAR for the existing CNMI procurement regulations. The FAR includes a level of complexity and detail which is inappropriate for the CNMI. (2) Any reference to FAR provisions on advance payments and monitoring should take into consideration that the specific FAR regulations cited are part of a larger system of regulation and should not be considered wholly out of context. (3) The FAR structure is based upon a radically different contracting structure than currently exists in the CNMI. (4) The recommendations appear to suggest that termination should routinely follow all performance failures, that other contracts with the same contractor should also be terminated, and that contractors who default on a contract should routinely be debarred from participating in any future award of government contracts.

OPA Comments

The following are our comments: (1) the Acting Attorney General seems to have missed the point of our findings and recommendations. He misunderstood that the FAR was cited only as examples of what can be done and not rules that the CNMI should necessarily adopt. His comments centered on detailed discussion of the applicability of the FAR in the CNMI which is irrelevant to our findings. We included parts of the FAR to show how certain things in the federal government are done where the CNMI Procurement Regulations seem to have a void. Sections of the FAR were presented only as points of reference. Naturally, any improvement of the procurement regulations should be tailored to fit the CNMI needs. (2) Our recommendations did not, in any way, suggest routine termination of contracts or debarment of contractors. Apparently, the Acting Attorney General took them out of context and made sweeping generalization. The recommendations *specifically identified* several contractors, who were actually found to have been paid without any evidence of performance of work. Both the contractors and the contracting officers were requested to provide evidence of work performed, however, we were either not provided documentation or not convinced by their responses. As can be seen from our recommendations, we believe that the appropriate action or penalty in these situations are recovery of payments, termination of the contracts, and debarment of the contractors. The Acting Attorney General should have, but did not, comment on these specific contractors.

B. Sole Source Procurement Not Adequately Justified

**Contracts
Valued at More
Than \$6.19
Million were
Improperly
Procured
Without
Competition**

Under the CNMI Procurement Regulations, professional services contracts should generally be procured using competitive sealed proposals. A contract, however, may be awarded without competition, *i.e.* through sole source procurement, if the P&S Director, based on written justifications provided by the Contracting Officers, declares in writing that there is only one source for the required service. Our audit showed, however, that the Executive Branch of the CNMI Government used the sole source method to waive proposal requirements without providing adequate justification. This occurred because the P&S Director allowed use of sole source procurement although the justifications submitted by Contracting Officers to warrant sole source procurement were inadequate. This also occurred because of the lack of written policies and procedures on how to address the requirement in the Procurement Regulations that alternative sources were considered in sole source procurement. As a result, the Procurement Regulations were circumvented because a review of 84 sole-sourced contracts selected for detailed audit showed that 76, or more than 90 percent, amounting to \$6.19 million (including amendment costs) did not qualify for sole source procurement.

Discussion

Section 3-107 of the CNMI Procurement Regulations provide that professional services contracts be procured using competitive sealed proposals except when authorized as a small purchase, emergency procurement, expedited procurement, or sole source procurement. It states that it is the policy to publicly announce all requirements for professional services and negotiate contracts on the basis of demonstrated competence and qualifications at a fair and reasonable price. Adequate notice of the need for such services shall be given by the official with expenditure authority through a Request for Proposals. The Request for Proposals shall describe the services required, list the type of information and date required for each offeror and state the relative importance of particular qualifications.

Section 3-104 of the CNMI Procurement Regulations provides that a contract may be awarded without competition, *i.e.*, through sole source procurement, if (1) the P&S Director, based on written justifications provided by the Contracting Officers, determines in writing that there is only one source for the required service, and (2) the Contracting Officer prepares a written justification for sole source procurement which contains the unique capabilities required and why they are required, and the considerations given to alternative sources.

Use of Sole Source Procurement

The information provided by P&S as of July 26, 1995 showed that of the total 253 contracts, 185 or about 73 percent were procured using the sole source procurement method. Only 52 or about 21 percent were procured competitively. The remaining 6 percent were procured as emergency and small purchase procurement.

(in thousands of dollars)

Method of Procurement	Fiscal Year 1992		Fiscal Year 1993		Fiscal Year 1994		Fiscal Year 1995 ⁶		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	%	Amount
I. Sole Source	36	\$1,469	34	\$1,669	59	\$1,588	56	\$3,410	185	73	\$8,136
II. Proposals/Biddings	13	925	12	547	13	1,398	14	734	52	21	3604
III. Expedited/Emergency	1	18	2	54	3	27	3	1016	9	3	1115
IV. Small Purchases	2	6	2	8	1	9	2	7	7	3	30
	52	\$2,418	50	\$2,278	76	\$3,022	75	\$5,167	253	100	\$12,885

Sole Source Procurement Not Adequately Justified

To determine whether sole source procurement was justified, we selected 84 sole-sourced contracts for detailed review. Our review showed that about 90 percent or 76 contracts valued at \$6.19 million (including amendment costs) were under a sole source procurement without giving adequate notice of the need for such service through a Request for Proposal. The procurement were also not adequately supported or justified to warrant sole source procurement. The following examples were noted:

1. The written justifications of Contracting Agencies for 57 contracts did not contain explanations of the contractors' unique capabilities and/or consideration given to alternative sources as required by the regulations, and 3 contracts did not have any written justifications for sole source procurement (See APPENDIX C).
2. Thirty-three (33) contracts did not have the required written determination from the P&S Director that there is only one source for the required service.

⁶ Included are six extraordinary contracts, four of which totaling \$1.6 million were funded by the Department of Interior (DOI) for labor, immigration, and law enforcement reform initiatives, and two of which totaling \$1.2 million were the result of the CHC nursing privatization. These contracts totaling \$2.8 million accounted for 53% of the total contract amount during FY 1995, 52% of all sole source contracts and 95% of all expedited contracts during FY 1995.

Also, 16 contracts, although having a written determination from the Director, did not contain an explanation on what determining factors prompted sole source procurement. This usually occurred when the P&S Director awarded the contract through sole source procurement although there was no basis for granting sole source because the justification provided by the Contracting Officer to warrant sole source procurement was inadequate (See **APPENDIX C**).

More detail on why we considered the written justifications from the Contracting Officers and written determination from the P&S Director as inadequate to warrant sole source procurement are discussed as follows.

1. Contracting Officer's Justifications Inadequate

For those written justifications prepared by the Contracting Officers with a few exceptions, the usual wording is as follows: "..... (service being procured) is within the full competency of (name of contractor) who is solely qualified to provide the needed service. Further, I certify that consideration was given to alternative sources for meeting the anticipated needs of my office."

However, the unique capabilities that make the contractor solely qualified to provide the needed service were not specified. The justifications neither described the other alternatives nor justified why the alternatives were not acceptable and why the competitive process would not produce other qualified candidates. Thus, there was no real determination that the contractor was solely qualified to render the service.

2. P&S Director's Written Determination Inadequate

For those contracts we questioned which are supported by a written determination from the P&S Director, the following "standard" or similar wording was used as justification for sole source procurement: "Pursuant to Section 3-104 (1) of the CNMI Procurement Regulations, I hereby determine to the best of my information and belief, that the (name of contractor) is the sole source provider for this procurement."

The P&S Director did not elaborate on the reasons for sole source procurement and explain what determining factors prompted sole source procurement of the services required by the Contracting Officer.

Causes and Effect

The P&S Director allowed use of sole source procurement by accepting written justifications from the Contracting Officers although such justifications did not conform to the procurement regulations on sole source. Further, the P&S

Director contributed to the improper use of sole source by preparing a written determination supporting faulty justifications without explaining his basis for approval. This also occurred because of the lack of written policies and procedures on how to address the requirement in the Procurement Regulations that alternative sources were considered in sole source procurement. As a result, the Procurement Regulations were circumvented because a review of 84 sole-sourced contracts selected for detailed audit showed that 76, or more than 90 percent, amounting to \$6.19 million (including amendment costs) did not qualify for sole source procurement.

Conclusion and Recommendations

The P&S Director should stop the practice of awarding contracts through sole source procurement if the written justifications submitted by Contracting Officers cannot adequately justify the use of sole source procurement. It is not enough that a written justification is submitted; the P&S Director should exercise sound judgment in determining whether a sole source procurement is justified. It should be noted that it is highly unlikely that only one contractor can perform a particular service, especially for professional services contracts. Accordingly, we recommend that the Secretary of Finance develop detailed procedures for the appropriate use of sole source procurement, and direct the P&S Director to implement such procedures which should include:

4. Enforcing the rule that all professional services contracts be awarded through competitive proposals. It should be the *preferred method* of procurement and should not be circumvented by employing the sole source procurement method, unless adequately justified. The P&S Director should ensure open competition by rejecting written sole source justifications submitted by Contracting Officers which do not contain adequate explanations of the contractors' unique capabilities to perform the required service *and* considerations given to alternative sources.
5. Ensuring that written determinations issued by the P&S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement. If there is any doubt as to the reasonableness of the justifications for sole source procurement, the Director should always prescribe the solicitation of competitive proposals.
6. Ensuring that alternative sources be considered in sole source procurement. The justification should clearly specify the accepted methods of identifying alternative sources (like calling, advertising, etc.) and documentation of the search for alternative sources, which should include the efforts made to

ensure that offers are solicited from as many potential sources as is practicable, the unique nature of the contract, and a conclusion that no alternative source is acceptable based on specifications listed.

Recommendations 4, 5, and 6

Department of Finance Response

The Secretary of Finance stated that final rules and regulations regarding sole source procurement will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding competitive proposals, written justifications, and alternative sources for sole source procurement and direct the P&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.

Office of the Public Auditor Comments

We consider Recommendations 4, 5, and 6 resolved. The additional information or action required to close the recommendations is presented in **APPENDIX L**.

C. Existing CNMI Procurement Regulations Are Inadequate and Need To Be Improved

**No Assurance
that Contracts
Valued at \$4.08
million Were
Necessary and
Reasonably
Priced**

Adequate procurement rules and regulations should be in place to maximize the use of public funds and to prevent fraud, waste, and abuse. Our audit showed, however, that the Contracting Officers of various CNMI agencies (1) entered into 66 contracts without justification of the contract price negotiated with contractors, (2) authorized contract amendments which doubled or substantially increased the original amounts of 5 contracts, (3) entered into 13 contracts whose scope of work was not specific or whose contract deliverables depend on what may be required by the Contracting Officers (looking like personal services contracts exceeding Full Time Employee (FTE) ceilings), (4) entered into 4 "open-ended" contracts without setting the maximum contract price, and (5) allowed the repeated renewals of 4 sole source contracts without competition. These conditions occurred because CNMI Procurement Regulations are inadequate. As a result, the CNMI had no assurance that government contracts valued at \$4.08 million were necessary or were negotiated at a fair and reasonable price.

Discussion

One of the major purposes of the CNMI Procurement Regulations is "to increase economy in the Commonwealth procurement activities and to maximize to the fullest extent practicable the purchasing value of public funds." To achieve this purpose as well as to preclude fraud, waste, and abuse of public funds, the CNMI should have specific policies regulating cost, scope of work and deliverables, and contract renewals.

1. Contracts Without Adequate Justification of Prices

Contracting Officers entered into 66 contracts valued at \$3.62 million (including amendment costs) without justification of the contract price negotiated with contractors (See **APPENDIX D**).

Discussion

The CNMI has no specific policies on contract price negotiation. The CNMI should require Contracting Officers to determine the reasonableness of contract cost. Specific policies to accomplish the price analysis should be established. For example, Subpart 31.201-3 of FAR provides that the reasonableness of specific costs must be examined with particular care in connection with firms or their separate divisions which may not be subject to effective competitive restraints. No presumption of reasonableness shall be attached to the incurring

of costs by a contractor. If an initial review of the facts results in a challenge of a specific cost by the contracting officer or the contracting officer's representative, the burden of proof shall be upon the contractor to establish that such cost is reasonable.

Subpart 15.805-2 of FAR provides various *price analysis techniques* which the Contracting Officer may select and use to ensure a fair and reasonable price.⁷ Subpart 31.205-46 provides several methods for reimbursing costs incurred by off-island contractors who provide professional services.⁸

No Basis for Contract Price

66 contract justifications examined, or 80 percent were without basis of the contract price negotiated with contractors. For example, one contractor has two contracts. In his first contract, the rate was set at \$8,000 a month for five months and in his second contract, his rate was set at \$4,000 a month for fifteen months. The scope of work of the two contracts, however, was almost the same. Also, both contracts did not indicate whether the contractor would be working full-time or part-time. The contractor, however, was paid regularly on a monthly basis. In the first contract, the contractor was required to prepare an "Image Building" Program on health care delivery at the Commonwealth Health Center while in the second contract, the contractor was required to assist the Department of Public Health in the formulation and promotion of the proposed health reform program for the CNMI. There was also one contractor from off-island who was paid fees of \$5,000 per week or \$1,000 per day (for periods up to 5 days) for services that require travel away from the Washington D.C. area. The basis of the \$1,000 per day fees was unexplained.

2. Contracts With Amendments Significantly Increasing Contract Prices

Contracting Officers authorized contract amendments which doubled or substantially increased the original amounts of 5 contracts from \$187,000 to \$619,666 without providing adequate justification for the increased level of compensation (See APPENDIX D).

7 One or more of the techniques may be used to perform price analysis, as follows: (a) comparison of proposed prices received in response to the solicitation; (b) comparison of prior proposed prices and contract prices with current proposed prices for the same or similar end items, taking into consideration differences in specifications, time for delivery, Government-furnished materials, etc.; (c) application of a rough yardstick to highlight significant inconsistencies that warrant additional pricing inquiry; (d) comparison with competitive published price lists, published market prices of commodities, similar indexes, and discount or rebate arrangements; and (e) comparison of proposed prices with independent Government cost estimates.

8 These include (1) use of mileage rates, actual cost incurred, or a combination thereof for transportation costs, and (2) use of per diem, actual expenses, or a combination thereof for costs of lodging, meals, and incidental expenses.

Discussion

The CNMI has no specific policies regulating prices of contract amendments. The CNMI should examine price considerations for contract amendments in the same way one would examine them for a basic contract. If the independent Government estimate appears to be somewhat defective, other means of comparison, for example, a history of contracts with similar requirements, or current market prices, should be used.

Amendments More Than Doubled Contract Prices

Five contracts have contract prices which were more than double or had substantially increased the original amounts through contract amendments containing no justification for the increased level of compensation. In one contract, for example, the original contract provided that the professional fee would be on an hourly basis not to exceed \$60,000 for one year. In one of the amendments, however, the contract price was increased to an amount not to exceed \$125,000 for six months only. In another contract, the original contract cost was \$12,000 for 3 months; subsequent amendments even exceeded the original contract fees as follows: renewal for another 2-½, 2-½, and 3 months for \$16,000, \$27,666, and \$24,000, respectively.

3. Contracts Whose Scope of Work and Deliverables Were Not Specific

Contracting Officers entered into 13 contracts valued at \$902,878 whose scope of work was not specific or whose contract deliverables depend on what may be required by the Contracting Officers (See **APPENDIX D**).

Discussion

The CNMI has no specific policies on requiring certainty of scope of work. To properly serve as a binding agreement between the CNMI and another party, a contract must provide for certainty of terms. The scope of services should be sufficiently specific to ensure that the expected outcome and benefits of the contract are achieved, the contract is enforceable in a court of law, and the contract is specific and definite to avoid any misunderstanding. Vague or indefinite language allows participants a great deal of latitude that can cause misunderstanding and contract disputes. Also, without a specific scope of services, there can be no real determination that the contractor was solely qualified to render the service.

For example, the general provisions of subpart 10.004 of FAR provide that purchase descriptions of services should outline to the greatest degree practicable the specific services the contractor is expected to perform.

Contract Scope and Deliverables Not Clear And Precise

In our review of 84 contracts, 13 have deliverables which were uniformly worded as follows: "The contractor will deliver to the Contracting Officer, or to persons designated by the Contracting Officer, such studies, analyses, or written products as may be required by the Contracting Officer, or by the persons designated by the Contracting Officer. The contractor will also provide contact as required by the Contracting Officer or by the persons designated by the Contracting Officer." The contracts did not specify what the contractors were supposed to submit to the Contracting Officer (*i.e.*, the contract deliverables depend on what may be required by the Contracting Officer); thus, in the absence of any instruction from the Contracting Officer, the contractor was not obliged to do or submit anything even though entitled to receive payment in accordance with the contract.

Moreover, 4 of these 13 contracts were not precise enough as to scope of work. In one contract, the scope of work states "to provide consulting services"; however, the specific area where consulting service is needed was not indicated. As a result, it is difficult to determine what the contractor was supposed to do and whether the contractor had fulfilled the required scope of services.

Also, specifying in the contract that contract deliverables depend on what may be required by the Contracting Officer makes the contractor appear, in effect, as a Government employee, *i.e.*, a personal services contract. Subpart 37.104 of FAR provides that a personal services contract is characterized by the employer-employee relationship it creates between the Government and the contractor's personnel. The Government is normally required to obtain its employees by direct hire under competitive appointment or other procedures required by the civil service laws. Obtaining personal services by contract, rather than by direct hire, circumvents those laws and FTE ceilings unless the Legislature has specifically authorized acquisition of the services by contract.

4. Open-Ended Contracts

Contracting Officers entered into 4 "open-ended" contracts without setting the maximum contract price. Total payments under these contracts amounted to \$312,628 (See **APPENDIX D**).

Discussion

The CNMI has no specific policies requiring certainty of contract amount. In order to have control over the maximum amount that can be charged out of the contract, the CNMI should have a policy on disallowing open-ended contracts, *i.e.*, contracts without setting the maximum contract price. For example, FAR limits contracts to a fixed price or a ceiling price. Part 16 of FAR provides that

contract types are grouped into two broad categories: fixed-price contracts and cost-reimbursement contracts. A fixed-price type of contract provides for a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts providing for an adjustable price may include a ceiling price, a target price (including target cost), or both. A cost-reimbursement type of contract provides for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.

Maximum Contract Price Not Stated

Four contracts did not state the maximum amounts that can be charged. In one contract, it was provided that in addition to the fixed monthly retainer fee of \$5,000, the contractor is entitled to \$1,000 per day (for a period up to 5 days) for services that require travel away from Washington, D.C. No maximum limit, however, was set on the number of days that could be charged. Our review of disbursements showed that the additional fees paid to the contractor totaled more than \$60,000. Also, in three contracts, only the hourly billing rates were indicated without establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.

5. Contracts Repeatedly Renewed Without Competition

Contracting Officers authorized the repeated renewals of 4 sole source contracts without competition from other vendors. One contract was renewed one time for another year while the others were renewed several times for another three and six months. Total costs of these contracts, including renewals, amounted to \$476,666 (See APPENDIX D).

Discussion

The CNMI did not have policies regarding contract renewals. Written guidelines should be established on recurring and continuing service requirements. The policy should clearly indicate (1) which procurement method allows extension of service, (2) the need to include an option clause (to renew) in contracts, and (3) the limitation in rates and extension period. For example, subpart 37.111 of FAR contains regulations concerning contract renewals. It provides that awards for recurring and continuing service requirements are often delayed due to circumstances beyond the control of contracting offices. In order to avoid negotiation of short extensions to existing contracts, the contracting officer may include an option clause in solicitations and contracts which will enable the Government to require continued performance of any services within the limits and at the rates specified in the contract. However, these rates may be adjusted only as a result of revisions to prevailing labor rates by the Secretary of

Labor. The option provision may be exercised more than once, but the total extension of performance thereunder shall not exceed 6 months.

Repeated Contract Renewals

The CNMI did not have policies regarding contract renewals. Four sole source contracts were repeatedly renewed through contract amendments. Amendments were extension of contract terms for the same type of service. In one contract for example, three renewals were executed to extend the contract term for another six, six, and three months, respectively, at \$7,000 a month. In another contract, the services of the contractor were renewed for another year. Also, one of the four original contracts did not provide for an option clause which will enable the Government to require continued performance of the services of the contractor.

Causes and Effect

These conditions occurred because CNMI Procurement Regulations are inadequate. As a result, the CNMI had no assurance that government contracts valued at \$4.08 million were necessary or were negotiated at a fair and reasonable price.

Conclusion and Recommendations

Because of the lack of written policies and procedures on determining reasonableness of costs, requiring certainty of scope of work and costs, and contract renewals, there was no assurance that contracts valued at \$4.08 million were necessary and reasonably priced. Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the P&S Director to:

7. Develop and implement written policies and procedures regulating cost, scope of work and deliverables, and contract renewals.
 - a. *Reasonableness of Costs.* The CNMI should require contracting officers to determine the reasonableness of contract costs. The policy should clearly indicate (1) the required information from the contractor in order to perform price analysis (this may include information on the time to be spent on a particular phase of the project, the billing rates used, and comparison of rates with previous contracts or with rates of other contractors in the same occupation or profession), (2) the price analysis techniques that can be used by the Contracting Officer in determining reasonableness of original and contract amendments, and (3) the basis for travel costs (transportation, lodging, etc.).

- b. *Scope of Work and Contract Deliverables.* The purchase descriptions of services should outline to the greatest degree practicable the specific services the contractor is expected to perform. The policy should clearly indicate the required method of describing the scope of work and should disallow contracts that appear to be *personal services contracts*. For example, contracts with general statements such as "will deliver to the Contracting Officer ... such studies, analyses, or written products as may be required by the Contracting Officer ..." should be disallowed as these contracts are for personal service kinds of work which should be performed by employees and not by contractors.
- c. *Open-Ended Contracts.* The CNMI should discontinue executing contracts without setting the maximum contract price. The policy should clearly limit contracts to a fixed price or a ceiling price, and state the liability of the contractor in case he exceeds the limit without the approval of the contracting officer.
- d. *Contract Renewals.* Develop policies and procedures on recurring and continuing service requirements. The policy should clearly indicate (1) which procurement method allows extension of service, (2) the need to include an option clause (to renew) in contracts, and (3) the limitation of rates and extension period.

Department of Finance Response

The Secretary of Finance stated that final rules and regulations regulating cost, scope of work and deliverables, and contract renewals will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding cost negotiation justifications, change orders, deliverables, and contract renewals, and direct the P&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.

Office of the Public Auditor Comments

We consider Recommendation 7 resolved. The additional information or action required to close the recommendation is presented in **APPENDIX L**.

D. Questionable Payments to Contractors

**Questionable
Payments by
DOF totaled
\$282,269**

Adequate review of contract payments should be performed to ensure that services are accurately paid for in accordance with CNMI Government standard independent contractor agreements. Our audit showed, however, that DOF did not adequately review contract payments resulting in (1) payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors, (2) payments of amounts different from the term of the contract, and (3) double payments. This occurred because DOF did not follow review procedures over contract payments. As a result, the CNMI incurred \$282,269 in questionable payments, consisting of payments without adequate supporting documents totaling \$267,190, payments inconsistent with contract terms totaling \$8,004, and double payments totaling \$7,075.

Discussion

Adequate review of contract payments should be performed to ensure that services are accurately paid for in accordance with CNMI Government standard independent contractor agreements. Prior to payment, the reviewer should check whether the billing charges have already been paid, and whether the charges comply with the terms of the contract especially as to amount, documentation required, and payment schedule.

Payments Without Supporting Documents - \$267,190

Most contracts provide that in order for payment to be processed, the contractor should submit billings or statements of fees and expenses. Our audit showed, however, that in 14 instances totaling \$267,190, DOF payments were without Contractor's billing statements or invoices. There were also instances where only a portion of the billings were supported with documents. Expenses which lacked support included the cost of an airline ticket and other travel expenses for reimbursement. The details are presented in **APPENDIX E**.

Payments Inconsistent with Contract Terms - \$8,004

Our review also showed two contracts with billings different from the terms of the contract, which was not detected by the Contracting Officer and DOF and resulted in overpayment totaling \$8,004. The details of these contracts are as follows.

1. C50083 - In check no. 360692 (Accounts Payable Voucher (APV) no. 560511), the contractor billed \$160 per hour instead of \$110 per hour as

stated in the contract. Thus, for 139 hours and 41 minutes, the overpayment was \$6,984.

2. C50132 - In check no. 366212 (APV no. 566730), the contractor included in the billing the professional service fees of a person other than the principal contractor at \$60 per hour. It appears from the contract and the sole source justification that only the principal contractor is entitled to receive an hourly fee. In the billing in question, however, aside from the \$80 hourly fee charged by the principal contractor, a \$60 hourly fee by another person was included. At 17 hours, the overpayment was \$1,020.

Double Payments - \$7,075

Our review of disbursement documents showed two contracts whose monthly professional fees were paid twice, as a result of double billings made by the contractors which were not detected by the Contracting Officer and DOF. The double payments, which totaled \$ 7,075, pertained to the following contracts.

1. C50208 - January 1995 professional fees amounting to \$6,500 were paid twice through check nos. 366238 and 367217 (accounts payable voucher - APV nos. 566333 and 567714).
2. C50083 - March 1995 professional fees totaling \$575 were paid twice through check nos. 387251 and 96959079 (APV nos. 571143 and 574837). Double billing was not detected because it was originally billed in contractor's contract no. C50083 and again billed in contractor's contract no. C50254. The contractor has three contracts with the CNMI Government involving the same scope of work and whose periods of service overlapped (further discussed below).

Contracts With Same Scope of Work and Whose Periods Overlap

To prevent possible double billings for the same type of service rendered, Contracting Agencies should not execute contracts with the same contractor that have the same scope of work and whose periods overlap. Our review showed, however, one contractor who has three contracts with the CNMI Government involving the same scope of work and whose periods of service overlapped as follows.

Contract No.	Contracting Agency	Project Title	From	To	Contract Amount
C50254	Gov. Off.	Legal Counsel - CNMI Fisheries Management Project	7/26/94	1/25/95	\$22,350
C50083	Gov. Off.	Legal Services - Fisheries, United Nations Convention on the Law of the Sea, submerged lands, and other matters	8/15/94	12/31/95	109,875
C50305	Lt. Gov.	Legal Counsel - Law of the Sea and Submerged Lands	4/15/95	4/14/96	94,900

This occurred because of absence of written policies restricting execution of similar contracts. As a result, DOF did not detect double billings made by the contractor amounting to \$575.

Cause and Effects

This occurred because DOF did not follow review procedures over contract payments. As a result, the CNMI incurred losses from double payments, and made payments inconsistent with contract terms, totaling \$15,079. Also, there was no assurance that payments totaling \$267,190 were valid and accurate because of the absence of supporting documents.

Conclusion and Recommendations

An adequate review process should be performed to ensure that payments are accurate and in accordance with contract terms. Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the DOF - Accounting Section to:

- 8. Recover or offset from future payments the \$15,079 overpayments to contractors.
- 9. Adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors. Inadequately supported payment requests should be rejected.

To prevent possible double billings, we recommend that the Secretary of Finance issue a memorandum to the P&S Director to:

10. Develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that have the same scope of work and whose periods overlap.

Department of Finance Response

Recommendations 8 and 9

The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that overpayments are recovered and that contract payment requests are adequately reviewed to ensure payment amounts are correct and contain all appropriate supporting documents.

Recommendations 10

The Secretary of Finance stated that he will issue a memorandum to the P&S Director directing that written policies and procedures be developed to prevent multiple contracts with the same vendor for the same scope of work and overlapping contract periods.

Office of the Public Auditor Comments

The response did not provide a reasonable time frame for action, thus, Recommendations 8, 9, and 10 remain open. The additional information or action required to close the recommendations is presented in **APPENDIX L**.

E. Other Matters

Noncompliance with Procurement Regulations on Contract Review, Processing, and Oversight

The Procurement Regulations (a) set forth the order in which contracts are to be approved by all parties, (b) provide that the P&S Director inform in writing the Contracting Officer that the contract has been signed by all parties and he may proceed with contract implementation, (c) provide that the contractor does not sign the contract or incur any expenses under it until all government signatures have been obtained, and (d) provide that no contract is effective against the Commonwealth until all parties whose signatures are required on the contract form have signed the contract. Our audit showed, however, that (1) contracts were not approved by government officials in the order set forth in the Procurement Regulations, (2) contractors signed before rather than after government officials as required, (3) Completion of Contract Processing Memoranda to be prepared by the P&S Director were not found in contract files, (4) payments were made prior to the completion of contract processing, and (5) effective and expiration dates of contracts were prior to the completion of contract processing. This occurred because the P&S Director did not enforce compliance with the procurement regulations for contract review, processing, and oversight. This also occurred because of the lack of written policies and procedures regulating dating of contract periods. As a result, the procurement regulations were not complied with. Also, the practice of allowing contractors to sign a contract ahead of the required government officials, and to be paid and to start work prior to contract processing completion puts the CNMI at risk in case the contract is not completed because of disapproval by government officials.

Discussion

Section 2-104 of the Procurement Regulations, titled *Contract Review, Processing, and Oversight*, set forth the order in which contracts are to be approved by all parties. The regulations provide that contracts be processed in the following order: (1) the Official with the Expenditure Authority initiates the contract and declares his compliance with the Procurement Regulations in the procurement of the contract, (2) the P&S Director reviews and certifies the contract's compliance with Procurement Regulations, (3) the Secretary of Finance next reviews and certifies availability of funds, (4) the Attorney General next reviews and certifies the contract as to form and legal capacity, (5) the Governor approves, and (6) the contractor approves. After a contract has been signed by all parties, the P&S Director prepares a Completion of Contracts Processing memorandum where the Expenditure Authority is informed to proceed with contract implementation according to the terms contained therein. The regulations further provide that it is the responsibility of the official with expenditure authority to ensure that the *contractor does not sign the contract or incur*

any expenses under it until all necessary government signatures have been obtained. Also, the regulations provide that no contract is effective against the Commonwealth until all parties whose signatures are required on the contract form have signed the contract.

Official Approvals Not in the Required Order

Our review of contracts showed that 35 contracts and amendments, or about 28 percent of documents examined, were not approved by government officials in the order set forth in the Procurement Regulations. Our comparison of the dates the government officials signed the contracts showed instances where the Expenditure Authority was not the first one who signed the contract, the Secretary of Finance signed before the P&S Director had certified the contract's compliance with the Procurement Regulations, etc.

Contractors Signed Ahead of Other Officials

Our review further showed that 28 contracts and amendments, or about 22 percent of documents examined, were signed by contractors prior to obtaining government officials' approval. There were instances where the contractor signed even before the Contracting Officer signed.

No Completion of Contract Processing

Our review of contract documents showed that Completion of Contract Processing Memorandum was missing for 15 contracts and amendments, or about 12 percent of files examined. Eight of these are contract amendments.

Payments Prior to Contract Processing Completion

Our comparison of the dates when contracts were paid and when contract processing was completed showed 11 contracts, or about 13 percent of contracts examined, were paid prior to completing contract processing. Payments which totaled \$618,348 are shown in detail in **APPENDIX F**.

Effective and Expiration Dates of Contracts Prior to Contract Processing Completion

Our comparison of the effective and expiration dates of contracts with the processing completion dates showed that in 86 contracts and amendments (about 84 percent of documents examined), the effective dates to start work were earlier than the time when the contracts had been completely approved. In one case, the contract processing completion date was 9 months later, and in another case it was 6½ months later. Further, in 8 contracts and amendments (about 8 percent of documents examined), the expiration dates of contract had already

passed before the contracts were completely approved. In one case, the approval was dated 3 months later, and in another case it was 1 month later. These practices reduce contract approval to a mere formality.

Cause and Effects

This occurred because the P&S Director did not enforce compliance with the procurement regulations for contract review, processing, and oversight. This also occurred because of the lack of written policies and procedures regulating dating of contract periods. As a result, the procurement regulations were not complied with. Also, the practice of allowing contractors to sign a contract ahead of the required government officials, and to be paid and to start work prior to completion of contract processing puts the CNMI at risk in case the contract is not completed because of disapproval by government officials.

Conclusion and Recommendations

The P&S Director should enforce compliance with procurement regulations on contract review, processing, and oversight. Accordingly, we recommend that the Secretary of Finance:

11. Issue a memorandum to the P&S Director requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight. Contracting agencies should be made to comply with the required procedures for processing contracts and payments.
12. Issue a memorandum to the P&S Director requiring him to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior to the date of completion of contract processing. The policy should clearly indicate the circumstances when the effective date of a contract may be earlier than the date of completion of contract processing. The CNMI should discontinue executing contracts whose effective and expiration dates are unreasonably earlier than the date of completion of contract processing.
13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.

Department of Finance Response

Recommendations 11 and 12

The Secretary of Finance stated that he will issue a memorandum to the P&S Director requiring compliance with the procurement regulations on contract review, processing, and oversight, and directing that written policies and procedures be developed and implemented to ensure that contracts do not become effective prior to completion of their processing.

Recommendations 13

The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that contract payments are not made prior to completion of contract processing.

Office of the Public Auditor Comments

The response did not provide a reasonable time frame for action, thus, Recommendations 11, 12, and 13 remain open. The additional information or action required to close the recommendations is presented in **APPENDIX L**.

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Summary of Contracts:

Method of Procurement	Fiscal Year 1992		Fiscal Year 1993		Fiscal Year 1994		Fiscal Year 1995 ⁹		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	%	Amount
I. Sole Source	36	1,468,739	34	1,669,580	59	1,588,392	56	3,409,533	185	73.12%	8,136,244
II. Proposals/Biddings	13	924,692	12	546,653	13	1,398,033	14	734,473	52	20.55%	3,603,851
III. Expedited/Emergency	1	18,118	2	53,500	3	26,446	3	1,015,578	9	3.56%	1,113,642
IV. Small Purchases	2	6,300	2	8,153	1	9,370	2	7,320	7	2.77%	31,143
	52	2,417,849	50	2,277,886	76	3,022,241	75	5,166,904	253	100.00%	12,884,880

Note: The information on APPENDIX A was extracted from data base files of contracts maintained by P&S from October 1991 to July 1995. Review of data base files disclosed several contracts with identical information. This could be due to contracts which were entered twice in the data base files. For contract information purpose, one of the identical contracts was not considered. Also, amendments to the original contracts were not included in the count of number of contracts, although their amounts were included. Only the information details of contracts included in the audit scope (covering 86 contracts and 44 amendments) were verified for accuracy.

9 Included are six extraordinary contracts, four of which totaling \$1.6 million were funded by the Department of Interior (DOI) for labor, immigration, and law enforcement reform initiatives, and two of which totaling \$1.2 million were the result of the CHC nursing privatization. These contracts totaling \$2.8 million accounted for 53% of the total contract amount during FY 1995, 52% of all sole source contracts and 95% of all expedited contracts during FY 1995.

APPENDIX A
Page 2 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1992							
I. Sole Source							
1	C68041-01	DPS Allison, Jerry	30,000	Emergency Medical Technician	Sole Source	09/02/92	09/01/93
2	C67211-01	DOF Ampac	15,000	Management Information System	Sole Source	-	-
	C67211-01	DOF Ampac	30,000	Management Information System	Sole Source	-	-
	C67211-01	DOF Innovative Solutions	15,000	Management Information System	Amendment li	-	-
	C67211-01	DOF Innovative Solutions	9,350	Management Information System	Change Order No. 1	-	-
3	C67604-01	CD Angyuta Shipping Company	42,000	PSP Experiment And GSP Survey	Sole Source	03/08/92	03/21/92
4	C67760-01	AGO Cameron & Hornbostel	50,000	Legal Counsel	Sole Source	01/15/92	12/31/92
	C67760-01	AGO Cameron & Hornbostel	56,774	Legal Services	Change Order No. 1	-	-
5	C67633-01	DPW Capuano, George	10,500	Consultant, Tinian Marina Project	Sole Source	-	-
6	C67761-01	AGO Corriea & Slavitt	50,000	Legal Counsel	Sole Source	01/15/92	12/31/92
	C67761-01	AGO Corriea & Slavitt	39,337	Legal Services	Change Order No. 1	-	-
7	C67619-01	GOV Counselors For Management	30,000	Consulting Services	Sole Source	05/10/92	05/09/93
8	C67461-01	DOF Deloitte & Touche	30,000	FMS Assessment And Evaluation	Sole Source	02/01/92	02/25/92
9	C68068-01	DOF Deloitte & Touche	40,000	FMS Assessment And Evaluation	Sole Source	08/01/92	01/31/93
10	C67648-01	AGO Desiderio, Robert	17,500	Prelaw Program	Sole Source	04/15/92	07/26/92
11	C67980-01	DOF Desiderio, Robert	30,000	Tax Reform Study	Sole Source	06/01/92	10/10/92
12	C67889-01	EO Entech, Inc.	13,476	Cycle XIII - Technical Assistance Studies For CNMI	Sole Source	06/22/92	09/30/92
13	C67647-01	AGO Hanson, Paul	2,500	Prelaw Program	Sole Source	-	-
14	C67786-01	CHC Intercontinental Medical Services	83,000	Consultation Services	Sole Source	03/01/92	02/27/93
15	C67346-01	DOF International Management	9,000	Audit Resolution Project	Sole Source	11/01/91	03/31/92
16	C67859-01	DEQ Janes, Elizabeth	1,950	Design Of DEQ's Newsletter	Sole Source	-	-
17	C67672-01	CCA/VAC Kavan, Pakka	1,100	CCAC Rota 1991 Annual Report Portion	Professional Services	-	-
	C67672-01	CCA/VAC Kavan, Pakka	1,100	1991 Annual Report Portion	Amendment No. 1	-	-
18	C65911-01	C&L Kim, Yun Dr.	0	Statistical Consultant	Change Order No 3	-	-
	C65911-01	C&L Kim, Yun Dr.	0	Statistical Consultant	Change Order No. 4	-	-
19	C67792-01	CD Kojima, George	5,000	Volcano And Seismic Monitoring	Sole Source	05/01/92	05/10/92
20	C67791-01	CD Koyanagi, Robert	5,000	Volcano And Seismic Monitoring	Sole Source	05/01/92	05/10/92
21	C62751-01	LT. GOV Macmeekin & Woodworth	25,000	Legal Counsel, Covenant Section 902	Amendment No. 6	-	-
	C62751-01	LT. GOV Macmeekin & Woodworth	125,000	Legal Counsel, Covenant Section 902	Amendment No. 7	-	-
22	C68161-01	AGO Macmeekin & Woodworth	47,482	Legal Services	Sole Source	01/01/92	09/30/92
23	C67382-01	CCA/NAP Mccullough, Dr. Janet	20,000	Psychological Evaluation	Sole Source	10/01/91	09/30/92
	C67382-01	CCA/DYS Mccullough, Dr. Janet	5,000	Psychological Evaluation	Change Order No. 1	10/01/91	09/30/92
24	C67764-01	OPM Mitchell, Lawrence	50,000	Group Life Insurance Review	Sole Source	04/17/92	06/30/92
	C67764-01	OPM Mitchell, Lawrence	1,631	Group Health Insurance Review	Amendment No. 1	08/01/92	08/31/92
25	C68026-01	TMO O'connor, Robert J	30,000	Professional Services	Sole Source	10/01/91	09/30/92
26	C68139-01	CAO Pacific Information Bank	8,500	Documentation Of Carolinian Leaders	Sole Source	09/28/92	10/15/93
27	C68115-01	GOV Prof. David Caron & Stefen Riesenfeld	40,000	Legal Counsel	Sole Source	09/01/92	12/31/92
28	C68144-01	CCA/HP Rankin, Douglas	10,000	Recovery Of Concepcion Artifacts	Sole Source	09/18/92	09/30/93
	C68144	CCA/HP Rankin, Douglas	0	Recovery Of Concepcion Artifacts	Change Order No. 1	09/18/92	09/30/93
29	C67787-01	CHC San Jose State University	90,038	Bachelor Of Science In Nursing Program	Sole Source	04/01/92	03/31/93
30	C68093-01	ZB Turner, Adam B.	40,000	Zoning Consultant Services	Sole Source	08/16/92	12/20/92
31	C67209-01	GOV U.S. Strategies Corp.	60,000	Professional Advocacy	Sole Source	10/15/91	01/15/92
	C67209-01	GOV U.S. Strategies Corp.	0	Professional Advocacy	Amendment No. 1	12/15/91	03/15/92

APPENDIX A
Page 3 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
32	C68095-01	GOV U.S. Strategies Corp.	60,000	Federal Initiatives Advocacy	Sole Source	09/17/92	12/31/92
33	C67759-01	AGO Wilmer, Cutler & Pickering	100,000	Legal Counsel	Sole Source	01/15/92	12/31/92
	C67759-01	AGO Wilmer, Cutler & Pickering	100,000	Legal Services	Change Order No. 1	01/15/92	12/31/92
34	C68025-01	SMO Wiseman, David	15,000	Legal Services	Sole Source	01/13/92	01/12/93
35	C66912-01	OPM Wiseman, David	11,500	Civil Service Commission Legal Services	Change Order No. 1	-	-
36	C66990-01	GOV Wyttenbach, Richard H.	12,000	Governor's Special Advisor	Sole Source	-	-
		Total - Sole Source	<u>1,468,739</u>	36 Contracts			
II. Proposals/Biddings							
1	C67796	NIMO Angyuta Shipping Co.	27,000	Northern Islands Field Trip	IFB92-0033	05/16/92	05/25/92
2	C67349-01	CHC Benavente Security	72,000	Security Services	RFP91-0107	-	-
3	C68064-01	DNR/FW Bruce Lloyd Media Services	7,644	Video Public Service Announcements	RFP91-0086	09/01/92	10/13/92
4	C67638-01	DPS Computerland	17,833	Traffic Records	RFP91-0119	-	-
5	C67392-01	OPA Deloitte & Touche	100,000	CNMI Single Audits	RFP91-0095	-	-
6	C66916-01	ZB Kendig, Lane	0	Saipan Parking Study	Amendment No. 1	-	-
	C66916-01	ZB Kendig, Lane	274,705	Saipan Land Use	Amendment No. 2	-	-
7	C67398-01	CHC Marianas Cleaners	144,000	Laundry Services	N/A	-	-
	C67398-01	CHC Marianas Cleaners	27,000	Laundry Services	Change Order No. 1	-	-
8	C68180-01	DPW Pangelinan, Henry	104,461	Highway Mapping For Saipan	DPW92-ITB-00223	09/30/92	12/31/92
9	C67794	CCA Pete A. Tenorio And Associates	112,806	Preparation Of Commonwealth Museum Plan	RFP92-0007	05/15/92	11/30/92
10	C67835-01	CCA/HP R&M Printers	3,238	Offset Printing Of Mas Volume 29	IFB92-0005	06/01/92	09/01/92
	C67835-01	CCA/HP R&M Printers	0	Offset Printing Of Mas Volume 29	Change Order No. 1	06/01/92	09/01/92
11	C67878-01	CCA/NAP S&A Enterprises	5	Coupon Issuance Agent	IFB92-0038	-	-
12	C66504-01	CHC Sharp Hospital	0	Medical Referral Contract	Amendment No. 1	-	-
13	C67880-01	CCA/NAP Union Bank	34,000	Redemption Agent	IFB92-0038	-	-
		Total - Proposals/Biddings	<u>924,692</u>	13 Contracts			
III. Expedited/Emergency							
1	C67602-01	DPS Skousen, Lamount L.	<u>18,118</u>	Police Traffic Service Program	Expedited Procurement	-	-
IV. Small Purchases							
1	C68138-01	ZB J. Scott Magliari	1,800	Accounting Services	Renewal	09/30/92	09/29/93
	C68138	ZB J. Scott Magliari	0	Accounting Services	Change Order No. 1	09/30/92	12/31/93
2	C66915-01	ZB J. Scott Magliari	4,500	Accounting Services	Amendment No. 1	-	-
		Total - Small Purchases	<u>6,300</u>	2 Contracts			
		Total - Fiscal Year 1992	<u>2,417,849</u>	52 Contracts			

APPENDIX A
Page 4 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1993							
I. Sole Source							
1	C30154	JTPA	Aguon, William	600	GCSSP And State Job Training	Sole Source	03/29/93 05/31/93
	C68041-01	DPS	Allison, Jerry	0	Emergency Medical Technician	Change Order No. 1	-
2	C68113-01	NIMO	Angyuta Shipping Company	21,000	Field Trip To N. Islands	Sole Source	10/12/92 10/19/92
3	C30128	CJPA	Bruce Lloyd Media Services	8,000	Anti Ice Educational Media Production	Sole Source	02/10/93 04/30/93
4	C30110	CHC	California Retina Associates	450,000	Ophthalmology Services	Sole Source	01/01/93 12/31/93
	C30110	CHC	California Retina Associates	78,553	Ophthalmology Services	Change Order No. 1	01/01/93 12/31/93
5	C66745-01	DOF	Chicoine And Hallet	0	Tax Enforcement Services	Change Order No. 1	-
6	C30186-01	GOV	Counselors For Management	24,000	Representation In Intl Trade Neg.	Sole Source	05/11/93 11/11/93
7	C30247	GOV	Dean And Company	12,000	Consulting Various Legislation	Sole Source	06/15/93 09/30/93
	C67980-01	DOF	Desiderio, Robert	10,000	Tax Reform Study	Change Order No. 1	-
	C67980-01	DOF	Desiderio, Robert	10,000	Tax Reform Study	Change Order No. 2	10/11/92 09/30/93
8	C30097	DPW	Doyle, Frank	13,737	Comprehensive Solid Waste Plan	Sole Source	-
9	C30231	OPM	Eason And Halsell	1,500	Legal Counsel	Sole Source	07/03/93 10/03/93
10	C30282	AGO	Havelock, John	8,000	Intergovernmental Borrowing Practices Consultant	Sole Source	08/11/93 12/30/93
	C30282	AGO	Havelock, John	2,161	Intergovernmental Borrowing Practices Consultant	Change Order No. 1	08/11/93 12/30/93
11	C68145-01	CJPA	Institute Of Police Tech.	21,000	Drug Law Enforcement Training	Sole Source	10/01/92 11/30/92
12	C30162	CHC	Intercontinental Medical Services	83,000	Physician Director And Consultation Services	Sole Source	03/01/93 02/28/94
13	C30093-01	CHC/DEQ	Janes, Elizabeth	5,000	Technical Writing & Administrative Support	Sole Source	01/01/93 06/30/93
	C30093	CHC/DEQ	Janes, Elizabeth	490	Technical Writing And Administrative Support	Change Order No. 1	01/01/93 06/30/93
14	C30225	DNR	Kaneshiro, Dr. Ken	7,290	Mating Compatability Experiment	Sole Source	-
15	C30266	DC	Kojima, George	4,000	Assessment Of Anatahan & Pagan Volcano	Sole Source	08/02/93 08/13/93
16	C30146	AGO	Kosack, Rexford C.	40,000	Legal Counsel	Sole Source	01/01/93 05/01/93
	C30146	AGO	Kosack, Rexford C.	50,000	Legal Counsel, U.S. Vs PSS	Change Order No. 1	05/02/93 09/30/93
	C30146	AGO	Kosack, Rexford C.	100,000	Legal Counsel - U.S. Vs. PSS	Change Order No. 2	01/01/93 09/30/94
17	C30267	DC	Koyanagi, Robert	4,000	Assessment Of Anatahan & Pagan Volcano	Sole Source	08/02/93 08/13/93
18	C68195-01	DOF	Kpmg Peat Marwick	50,000	Simulations Of Taxpayer Data Base	Sole Source	10/01/92 11/30/92
	C68195-01	DOF	Kpmg Peat Marwick	12,000	Tax Reform Study	Change Order No. 1	10/01/92 04/09/93
19	C30194	AGO	Law & Economics Consulting Group	75,000	U.S. V P.S.S And CNMI	Sole Source	06/01/93 05/31/94
	C30194	AGO	Law & Economics Consulting Group	100,000	Expert - U.S. V. P.S.S. & The CNMI	Change Order No. 1	06/01/93 05/31/94
	C30194	AGO	Law & Economics Consulting Group	100,000	Expert-U.S. V. P.S.S. & The CNMI	Change Order No. 2	-
20	C30160	OPM	Law Office Of Wiseman	1,500	Civil Service Commission	Sole Source	04/01/93 07/02/93
21	C40016	CCA	Levesque, Rodrigue	16,000	Transcription And Translation Of Jesuit Letters	Sole Source	09/15/93 03/31/94
	C68161-01	AGO	Macmeekin & Woodworth	40,000	Legal Services	Change Order No. 1	-
22	C30216	CCA	Mccullough, Dr. Janet	15,000	Psychological Evaluation Counseling & Staff Training	Sole Source	10/01/92 09/30/93
23	C30250	LICENSE	Micronesia Appraisal Associates	4,500	Test Development For Local Real Estate Appraisers	Sole Source	05/12/93 09/30/93
24	C30149	CHC	Nmi Board Of Nurse Examiners	3,000	Nurse Licensure Examinations	Sole Source	04/01/93 04/01/94
	C30149	CHC	National Council Of State Boards Of Nursing	0	Nurse Licensure Examinations	Change Order No. 1	-
25	C30050	AGO	O'shea, Dennis J.	20,000	Special Prosecutor	Sole Source	11/19/92 -
26	C30161-01	C&L	Phillips, James	2,000	Conclusion Of Pending Labor Cases	Sole Source	03/18/93 04/23/93

APPENDIX A
Page 5 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
C68115-01	AGO	Prof. David Caron & Stefan Riesenfeld	20,000	Legal Services	Change Order No. 1	-	-
27 C30127	DPS	Search Group, Inc.	35,000	CNMI Criminal Justice Information System	Sole Source	02/01/93	12/31/93
28 C30286	BOE	Sirok, James S.	9,750	Retainer Agreement	Sole Source	09/01/93	12/31/93
29 C30163	AGO	Smith Katzenstein And Furlow	75,000	Legal Counsel Continental Airlines Bankruptcy	Sole Source	-	-
30 C30221	DOF	Stepkin, Charles	20,000	Tax Reform Study	Sole Source	04/01/93	10/10/93
31 C30174-01	GOV	Turner, Adam B.	12,000	Lobbying-Coordinator Consultant	Sole Source	04/29/93	07/29/93
C30174	GOV	Turner, Adam B.	16,000	Consulting And Direct Services	Change Order No. 1	07/30/93	10/15/93
32 C30147	AGO	Wassberg & Gallagher	10,000	Legal Counsel	Sole Source	01/01/93	05/01/93
C30147	AGO	Wassberg & Gallagher	50,000	Legal Counsel	Change Order No. 1	01/01/93	05/01/93
C30147	AGO	Wassberg & Gallagher	15,000	Legal Counsel - U.S. Vs. PSS	Change Order No. 2	05/01/93	09/30/94
33 C30105	OPM	Wiseman, David	1,500	Legal Counsel	Sole Source	01/01/93	03/31/93
34 C30021	GOV	Wytttenbach, Richard H.	12,000	Governor's Special Advisor For Military	Sole Source	10/15/92	09/30/93
		Total - Sole Source	<u>1,669,580</u>	34 Contracts			
II. Proposals/Biddings							
1 C68163-01	DPW	Dev And Associates	68,076	Prof. Services For DPW's Building Code	DPW92-RFP-0230	12/01/92	08/28/93
2 C30017	CHC	Duenas Security	85,848	Security Services	RFP92-0051	10/01/92	09/30/93
3 C30281	DOF	Icard, Merrill, Cullis, Timm, Furen & Ginsbur	70,000	Cost/Benefit Study Of Alien Labor	RFP93-0035	08/23/93	12/31/93
4 C30012	CHC	Marianas Cleaners	160,000	Laundry Services	RFP92-0051	10/01/92	09/30/93
5 C30012	CHC	Marianas Cleaners	10,107	Laundry Services	Change Order No. 1	10/01/92	09/30/93
6 C30018	CHC	Santos Termites And Pest Control	14,400	Pest And Rodent Control	RFP92-0051	10/01/92	09/30/93
7 M30250	MVB	Smith, Eric	35,000	Legal Counsel	RFP	07/01/93	10/01/94
8 C68091-01	DPW	Arbees Corp.	55,157	Hopwood Jr. High School Energy Conserv.	DPW91-IFB-0204	10/19/92	03/18/93
9 C68100-01	DPW	Marfran Enterprises	8,948	Mt. Carmel School Roof Insulation	DPW92-IFB-0238	12/28/92	03/28/93
10 C30129	CHC	MCV	5,112	CHC Cable Television Service	IFB93-0013	02/23/93	09/30/93
11 C40002	CCA/NAP	S&A Enterprises	5	Issuance Of NAP Food Stamp Coupons	IFB93-0034	08/06/93	08/06/93
C40002	CCA/NAP	S&A Enterprises	0	Issuance Of Food Stamp	IFB93-0034	09/30/93	10/01/94
12 C40003	CCA/NAP	Union Bank	34,000	Redemption Of NAP Food Stamp Coupons	IFB93-0034	09/30/93	10/01/94
		Total - Proposals/Biddings	<u>546,653</u>	12 Contracts			
III. Expedited/Emergency							
1 C66339-01	CHC	Med-Emerg Inc.	28,500	Physician Servicers And Staffing Assistance	Change Order No. 2	-	-
2 C30084	CJPA	Police Dog Services	25,000	NMI Drug Detector Dog Program	Expedited Procurement	12/01/92	02/28/93
		Total - Expedited/Emergency	<u>53,500</u>	2 Contracts			
IV. Small Purchases							
1 C40170	OPA	Eason And Hasell	5,653	Land Transfer Investigation/Research	Small Purchases	09/15/93	11/15/93
2 C30230	LT. GOV	Good, Stan N.	2,500	EDA Grant Application	Small Purchase	06/28/93	07/19/93
		Total - Small Purchases	<u>8,153</u>	2 Contracts			
		Total - Fiscal Year 1993	<u>2,277,886</u>	50 Contracts			

Fiscal Year 1994

APPENDIX A
Page 6 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
I. Sole Source							
1	C40085	TMO	A.B.T. Incorporated	87,465	Completion Of The Tinian Master Plan	Sole Source	12/15/93 12/15/94
2	C40161	DPW	Adriano, Conrado I.	20,000	Technical Services	Sole Source	04/01/94 10/01/94
3	C40020	DPS	Allison, Jerry	8,750	Emergency Medical Technician Coordinator	Sole Source	10/01/93 09/30/94
4	C40227	NIMO	Angyuta Shipping Company	7,500	Official Trip To Northern Islands	Sole Source	06/27/94 06/29/94
	C40227	NIMO	Angyuta Shipping Company	1,107	Official Trip To Anatahan Island	Change Order No. 1	06/27/94 06/29/94
5	C40290	NIMO	Angyuta Shipping Company	15,000	Official Trip To Anatahan Island	Sole Source	09/19/94 09/25/94
6	C40222	GOV	B&M Consulting Services	42,000	Professional Services	Sole Source	06/01/94 05/31/95
7	C40110	OMB	B.Y.T. Consulting Services	42,000	Special Advisor To Contracting Officer	Sole Source	01/10/94 06/30/94
	C40110	OMB	B.Y.T. Consulting Services	42,000	Consulting Services	Change Order No. 1	07/01/94 12/31/94
8	C40187	CD	Blackburn, Joseph G.	12,624	Development Of A Full Scale Hazardous Materials Exercise	Sole Source	06/07/94 06/14/94
9	C40220	CD	Blackburn, Joseph G.	15,420	Hazardous Materials Response Team Training	Sole Source	05/23/94 06/03/94
10	C40225	DPS	Brady, Michael H.	7,257	Computer Aided Management Emergency Operation (Cameo)	Sole Source	06/20/94 06/23/94
11	C40112	GOV	Cahn And Associates	60,000	Consulting Services	Sole Source	02/01/94 02/01/95
12	C40291	GOV	Cahn And Associates	21,000	Consulting Services	Sole Source	07/31/94 08/31/94
13	C40284	GOV	Chong, Francisco S.	33,750	Emergency Management Consultant	Sole Source	01/10/94 09/15/94
14	C40013	GOV	Counselors For Management	48,000	Representation In International Trade Negotiations	Sole Source	11/12/93 11/12/94
15	C40122	GOV	DC Consulting Services	28,672	Consulting Services	Sole Source	02/01/94 10/01/94
16	C40069	OPA	Deleon Guerrero, Jose Q.	2,400	Research And Analyze Info. On Expenditure Of Public Funds	Sole Source	12/06/93 12/31/93
17	C40250	CHC	Deloitte & Touche	20,000	CHC Financial Statements Compilation	Sole Source	- -
18	C40178	GOV	Delos Reyes, Gregorio S.	20,000	Consulting Services	Sole Source	04/04/94 09/30/94
19	C40055	OPM	Eason And Halsell	3,000	Civil Service Commission Legal Counsel	Sole Source	10/01/93 03/01/94
	C40055	OPM	Eason And Halsell	8,000	Civil Service Commission Legal Counsel	Change Order No. 1	10/01/93 09/30/94
	C40055	OPM	Eason And Halsell	19,784	Civil Service Commission Legal Counsel	Change Order No. 2	- 09/30/94
20	C40270	GOV	EDR And Associates	8,000	Consulting Services	Sole Source	05/10/94 07/09/94
21	C40168	GOV	EGR Consulting Services	30,000	Consulting Services	Sole Source	03/03/94 06/30/94
22	C40138	GOV	Elliott, Yolanda G.	20,000	Retainer, Pio	Sole Source	03/01/94 09/30/94
23	C40123	GOV	Fidelino, Narciso "Jun"	26,667	Consulting Services	Sole Source	02/15/94 10/01/94
24	C40137	GOV	Guerrero, Edward Deleon M.	10,000	Consulting Services	Sole Source	03/01/94 06/01/94
	C40137	GOV	Guerrero, Edward Deleon M.	9,999	Consulting Services	Change Order No. 1	- 09/01/94
25	C40120	GOV	Hocog, Victor B.	1	Consulting Services	Sole Source	02/15/94 02/15/95
26	C40125	GOV	Imai, Minoru (Mike)	1	Consulting Services	Sole Source	02/15/94 02/15/95
	C30162-01	CHC	Intercontinental Medical Services	9,370	Physician Director And Consultation Services	Change Order No. 1	- -
27	C40132	CHC	Intercontinental Medical Services	83,000	Physician Director And Consultation Services	Sole Source	03/01/94 02/28/95
28	C40229	OMB	International Management	15,000	Consulting Services	Sole Source	07/14/94 09/30/94
29	C40276	OMB	International Management	36,000	Operations Manual	Sole Source	09/20/94 02/28/95
30	C40121	GOV	Isa International Investments	26,664	Consulting Services	Sole Source	02/01/94 10/01/94
31	C40113	GOV	JR And Associates	40,000	Image Building Program	Sole Source	02/25/94 06/30/94
	C40113	GOV	JR And Associates	0	Consulting Services	Change Order No. 1	02/28/94 06/30/94
	C40113	GOV	JR And Associates	12,000	Image Building Program	Change Order No. 2	- 09/30/94
32	C40045	DC	Kojima, George	5,000	Develop & Maintain Seismic Instrumentation	Sole Source	11/07/93 11/20/93
	C40045	DC	Kojima, George	0	Develop & Maintain Seismic Instrumentation	Change Order No. 1	11/07/93 11/20/93
	C30146	AGO	Kosack, Rexford C.	50,000	Legal Counsel	Change Order No. 3	10/01/93 09/30/94

APPENDIX A
Page 7 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date	
33	C40044	DC	Koyanagi, Robert	5,000	Develop & Maintain Seismic Instrumentation	Sole Source	11/07/93	11/20/93
	C40044	DC	Koyanagi, Robert	0	Develop & Maintain Seismic Instrumentation	Change Order No. 1	11/07/93	11/20/93
34	C40248	DOF	KPMG Peat Marwick	95,000	Simulations Of Taxpayer Data Base	Sole Source	08/01/94	10/30/94
35	C40280	DOF	LSS Consulting Services	7,500	Restoring Of Data	Sole Source	09/01/94	11/30/94
	C40280	DOF	LSS Consulting Services	0	Restoring Of Ot Data	Change Order No. 1	-	-
36	50254-01	GOV	Macmeekein & Woodworth	22,350	Legal Counsel-CNMI Fisheries Management Project	Sole Source	07/26/94	01/25/95
37	C50083	GOV	Macmeekein & Woodworth	55,875	Legal Services	Sole Source	08/15/94	12/31/94
38	C40116	CCA	Mccullough, Dr. Janet	25,000	Psychological Evaluation Counseling	Sole Source	10/05/93	09/30/94
	C40116	CCA/DYS	Mccullough, Dr. Janet	(5,785)	Psychological Evaluation	Change Order No. 1	-	-
39	C40193	CCA	Miles, Gregory J.	10,000	Rehabilitative Services For DYS Clients & Staff Training	Sole Source	05/02/94	09/30/94
40	C50190-01	DPH	Northern Marianas College	4,200	Childhood Vitamin A Deficiency And Otitis Media Study	Sole Source	07/01/94	12/31/94
41	C40127	CJA	Pacific Rim Consulting Inc.	18,000	Retainer	Sole Source	02/22/94	12/14/94
42	C40296	GOV	Padilla, Luzviminda G.	10,500	Professional Services	Sole Source	09/15/94	12/31/94
43	C40297	GOV	Paras, Jonathan S.	3,500	Professional Services	Sole Source	09/15/94	12/31/94
44	C40251	LT. GOV	Perry Associates Inc.	25,000	Digitized Surveying Of Tinian For Leaseback And Disposal	Sole Source	05/01/94	12/31/94
45	C40140	DOF	Police Dog Services	10,000	Drug Detection	Sole Source	04/01/94	05/20/94
46	C40066	CJPA	Ripple, Barbara Grace	9,900	Counseling And Support Group Services	Sole Source	10/01/93	09/30/94
47	C40287	CHC	Rufsholm, Donna	8,856	Radiology Consultant	Sole Source	08/25/94	10/06/94
48	C40224	TMO	Sablan And Sons Consulting	25,000	Consulting Services	Sole Source	01/14/94	09/30/94
49	C40047	CHC	San Diego State University Foundation	7,092	State Vocational Rehabilitation Unit In Service Training	Sole Source	10/01/93	09/30/94
50	C40169	GOV	Santos, Maria C.	6,750	Professional Services	Sole Source	04/04/94	09/30/94
51	C40249	DPS	Search Group, Inc.	9,057	CNMI Criminal Justice Information System	Sole Source	07/12/94	07/15/94
52	C40157	BOE	Sirok, James S.	60,000	Retainer Agreement	Sole Source	01/01/94	06/30/94
	C40157	BOE	Sirok, James S.	17,500	Legal Counsel Retainer Agreement	Change Order No. 1	01/01/94	06/30/94
53	C40111	GOV	Stillwell Communications	72,000	Consulting Services	Sole Source	01/10/94	01/09/95
54	C40090	CHC	Straub Clinic	15,650	Mammography Services	Sole Source	01/01/94	12/30/94
55	C40275	CHC	Szabo, Dr. Thomas	9,600	Medical Family Practitioner	Sole Source	08/29/94	09/30/94
	C30174	GOV	Turner, Adam B.	24,000	Consultant	Change Order No. 3	01/01/94	03/31/94
	C30174	GOV	Turner, Adam B.	27,666	Consultation On Federal Trade Legislation	Change Order No. 2	10/15/93	12/31/93
56	C40084	ZB	Turner, Adam B.	10,000	Zoning Consultant Services	Sole Source	12/14/93	01/30/94
57	C40174	ZB	Turner, Adam B.	20,000	Zoning Consultant Services	Sole Source	04/20/94	08/31/94
58	C40130	SMO	Wiseman, David	15,000	Legal Services To The Mayor's Office Saipan	Sole Source	01/01/94	09/30/94
	C40130	SMO	Wiseman, David	4,750	Legal Services To The Mayor's Office	Change Order No. 1	01/01/94	09/30/94
59	C40058	GOV	Wytenbach, Richard Santos	12,000	Governor's Special Advisor For Military & Intern. Affairs	Sole Source	10/01/93	09/30/94
			Total - Sole Source	<u>1,588,392</u>	59 Contracts			
II. Proposals/Biddings								
1	C40061	CHC	Business Protection Services	39,000	CHC Security Services	RFP94-0001	11/19/93	09/30/94
	C40061	CHC	Business Protection Services	(3,846)	CHC Security Services	Change Order No. 1	11/19/93	09/30/94
2	C40067	OPA	Deloitte & Touche	134,000	Single Audit Of The CNMI Government	RFP93-0049	12/01/93	01/10/94
3	C40056	DPW	Emcon Associates	185,490	Integrated Solid Waste Management Plan	DPW93-RFQ-0255	11/19/93	07/31/94
	C40056	DPW	Emcon Associates	10,012	Preparation Of The Integrated Waste Management Plan	Change Order No. 1	-	10/31/94
4	C40099	DNR	Environmental Technologies Int'l	18,000	Mooring Buoy Installation	RFP94-0002	03/01/94	06/30/94

APPENDIX A
Page 8 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date	
5	C40064	CHC/DEQ	Envirosearch	50,650	Rota Nonpoint Source Pollution Control Project	RFP93-0025	10/15/93	10/15/94
	C30281	GOV	Icard, Merrill, Cullis, Timm, Furen & Ginsbur	7,000	Cost Benefit Study Of Alien Labor	Change Order No. 1	-	-
6	C40274	DPW	Juan C. Tenorio & Assoc.	495,000	Economic, Social, And Political Advancement	DPW94-RFP-00281	-	-
7	C40271	CCA	Mahoney, Jim	81,689	Development Of Exhibit Designs For Commonwealth Museum	RFP94-0028	08/20/94	11/20/94
8	C40259	DPW	Pacific Land Surveying	62,800	Surveying Services For Navy Hill Road Improvements	DPW94-RFP-00289	-	-
9	C40182	DNR	Radtke, Hans D.	27,346	Analysis Of Saipan's Seafood Markets	RFP94-0006	04/05/94	04/05/95
10	C40221	CCA	Center For Archaeological Investigations, Siu.	10,837	Publication Of The Achugao Archaeological Report	IFB94-0012	06/01/94	05/31/95
11	C30129	CHC	M.C.V.	0	CHC Cable T.V.	IFB93-0041	10/01/93	09/30/94
12	C40024	CHC	Marianas Cleaners	170,000	CHC Laundry Services	IFB93-0041	10/01/93	09/30/94
	C40024	CHC	Marianas Cleaners	23,480	CHC Laundry Services	Change Order No. 1	10/01/93	09/30/94
13	C30299	DPW	Winzler & Kelly Consulting Engineers	86,575	Traffic Counts Study	DPW93-RFO-00267	09/30/94	-
			Total - Proposals/Biddings	<u>1,398,033</u>	13 Contracts			
III. Expedited/Emergency								
1	C40171	OPA	Crisostomo, Luis P.	19,800	Investigator Pursuant To Public Law 1 CMC 2305	Expedited Procurement	04/04/94	10/31/94
2	C40236	OPA	Grizzard, James H.	3,075	Research On Reinstatement Of Robert Bisom's Employment	Expedited Procurement	02/04/94	03/31/94
3	C40237	OPA	Law Firm Of Vicente Salas	3,571	Threatened Lawsuit By Ramon S. Guerrero (CUC)	Expedited Procurement	10/15/93	01/15/94
			Total - Expedited/Emergency	<u>26,446</u>	3 Contracts			
IV. Small Purchases								
1	L40079	CHC	Intercontinental Medical Services	9,370	Physician Director & Consultation Services	Change Order No. 1	-	-
	C68138	ZB	J. Scott Magliari	0	Accounting Services	Change Order No. 2	-	-
			Total - Small Purchases	<u>9,370</u>	1 Contract			
			Total - Fiscal Year 1994	<u>3,022,241</u>	76 Contracts			

APPENDIX A
Page 9 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1995							
I. Sole Source							
1	C50043	SMO	A.F.M. Industries	4,648	Waste Oil Clean Up	Sole Source	11/17/94 12/31/94
2	C50125	SMO	A.F.M. Industries	4,648	Waste Oil Clean Up	Sole Source	11/17/94 12/31/94
3	C50086	OPA	Alternative Resources For Management	17,813	Preparation Of Comprehensive Audit & Investigation Manuals	Sole Source	11/21/94 04/01/95
4	C50306	NIMO	Angyuta Shipping Company	5,737	Official Trip To Anatahan Island	Sole Source	04/07/95 04/09/95
5	C50323-01	C&L	Aquaquest Video Productions	9,000	Rota Investment	Sole Source	04/04/95 06/30/95
	C40110-01	OMB	B.Y.T. Consulting Services	42,000	Consulting Services	Change Order No.2	01/01/95 06/30/95
	C40110-01	OMB	B.Y.T. Consulting Services	21,000	Consulting Services	Change Order No. 3	07/01/95 09/30/95
6	C50071	CCA/HP	Barratt, Dr. Glynn	5,000	Survey Of Accounts Of French Visitors	Sole Source	11/01/94 09/15/95
7	C50221-01	GOV	Bauder & Associates, Inc.	88,500	To Assist With The New Universal Health Plan	Sole Source	03/02/95 01/01/96
8	C50303-01	C&L	Benavente, Frank	5,000	Weights And Measure Training	Sole Source	06/05/95 07/14/95
9	C50223-01	SC	Boren, Steven Craig	15,000	Superior Court Computer Systems Consultant	Sole Source	04/01/95 07/01/95
10	C50132-01	GOV	Cahn And Associates	19,450	To Assist The Office Of Personnel Management	Sole Source	01/06/95 07/06/95
	C50173-01	GOV	Cahn And Associates	60,000	Consultant Services	Change Order No. 01	02/01/95 01/31/96
11	C50332	GOV	Cahn, David L.	83,000	Labor Code Revision	Sole Source	06/20/95 06/20/96
12	C50198-01	TMO	Castro And Associates	100,000	Professional Land Surveying And Mapping Services	Sole Source	300 DAYS -
13	C50289	DPH	Coherent Pacific Inc.	5,500	Novus 2000 Argon Leser Photocoagulator Annual Preventive	Sole Source	04/01/95 09/30/95
14	C50322	DOF	Creative Networking Consultants	60,000	Professional Services For The CNMI ("GHI")	Sole Source	06/01/95 12/31/95
	C50322	DOF	Creative Networking Consultants	0	Professional Serv. For The CNMI Grorp Health Ins. Program	Change Order No. 01	- -
15	C50216-01	DPW	Daniel N. Troxel Dba D's Signal Maintenance	25,512	Traffic Signal Light Repair & Engineering Consultant	Sole Source	- -
16	C50098	GOV	DC Consulting Services	40,000	Consulting Services Relating Tinian	Sole Source	10/01/94 09/30/95
17	C50120-01	LANDS	Department Of Agriculture	25,000	Mating Compatibility Experiment	Sole Source	03/01/95 12/29/95
18	C50213-01	DOF	Desiderio, Robert	15,000	Public Law 9-22 Implementation Review	Sole Source	02/15/95 06/15/95
19	C50095	OPM	Halsell, Patricia	5,000	Legal Counsel	Renewal	10/01/94 09/30/95
	C50095	OPM	Eason And Halsell	50,000	Civil Services Commission	Change Order No. 1	10/01/94 09/30/95
20	C50168-01	GOV	EDR And Associates	2,500	Existing Student Scholarship And Financial Program	Sole Source	10/01/94 09/30/95
	C40168	GOV	EGR Consulting Services	18,000	Consulting Services	Change Order No. 1	- 03/31/95
21	C50075	GOV	Fidelino, Narciso "Jun"	39,996	Consulting Services	Sole Source	10/01/94 09/30/95
22		EMO	Greggory R. Kresge/World Envir. Serv. Train.	5,600	Conduct A Commodity Flow Analysis Of Hazardous Materials	Sole Source	07/10/95 11/10/95
	C30162	CHC	Intercontinental Medical Services	(848)	Physician Director And Consultation Services	Change Order No. 1	- 09/30/94
23		DPH	Joaquin Q. Castro Dba JQC Consultants	0	Commonwealth Health Center Collection Services	Sole Source	07/01/95 06/30/96
24	C50203	DPH	Jonah D. Vanderffff/Lasco Manpower Services	250,000	Manpower Serices For Professional Nurses	Sole Source	02/01/95 02/01/96
25	C50176	TMO	JQC Consultants	50,000	Consulting Services	Sole Source	10/01/94 03/31/95
26	C50108	GOV	JR And Associates	48,000	Formulation & Promotion Of The Health Reform Program	Sole Source	10/01/94 09/30/95
	C30194	AGO	Law & Economics Consulting Group	0	Expert-U.S. Vs. P.S.S. And The CNMI	Change Order No. 3	- 09/30/94
27	C50127	GOV	Law Firm Of Vicente Salas	10,000	Legal Services Relating To Covenant 902 Issues	Sole Source	10/01/94 03/31/95

APPENDIX A
Page 10 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date	
28	C50242	GOV	Leibowitz, Arnold H.	6,000	Consulting Services	Sole Source	01/20/95	06/21/95
29	C50294	PR	Lignell, Joyce E.	13,000	Phase 1 Imm. Identification & Documentation System (IIDS)	Sole Source	05/22/95	06/30/95
30	C50268-01	DDPO	Lorraine C. Peniston, Ph. D. Ctrs.	4,850	Therapeutic Recreation Workshop & Need Assessment Survey	Sole Source	05/01/95	06/30/95
31	C40302	EMO	L. Pete Peterka	13,785	Emergency Planning Course	Sole Source	10/24/94	10/28/94
32	C50208-01	GOV	Lujan, Manuel Jr.	78,000	Consultant Services	Sole Source	01/25/95	12/31/96
33	C50302	GOV	Macmeeken & Woodworth	100,000	Legal Counsel-Covenant Section 902 Negotiation	Sole Source	11/23/94	11/22/95
	C50083-01	GOV	Macmeekin & Woodworth	14,000	Legal Services	Change Order No. 1	01/01/95	05/31/95
	C50083-01	GOV	Macmeekin & Woodworth	40,000	Legal Services	Change Order No. 02	06/01/95	12/31/95
34	C50305-01	LT. GOV	Macmeekin & Woodworth	94,900	Legal Counsel-Law Of The Sea & Submerged Lands	Sole Source	04/15/95	04/14/96
35	C50195	PR	Magna Enterprises International Inc.	1,496,365	Imm. Identification & Documentation System (IIDS)	Sole Source	12/30/94	12/30/95
	C50195	PR	Magna Enterprises International Inc.	0	Imm. Identification & Documentation System Labor & Imm.	Change Order No. 01	-	-
36		DPH	McClung, Dr. Boyce	9,900	CNMI Mental Health Data Collection System	Sole Source	07/10/95	07/30/95
37	C50225	CCA	McCullough, Dr. Janet Ph.D.	15,000	Psychological Evaluation Counseling & Staff Training	Sole Source	10/01/94	09/30/95
	C40193-01/02	CCA	Miles, Gregory J.	4,000	Rehabilitative Services For DYS Client & Staff Trining	Change Order No. 02 Deduct	-	-
38		GOV	Miller, Nash, Wiener, Hager & Carlsen	6,000	Evaluation Of The Office Of The Attorney General	Sole Source	04/02/95	04/08/95
39	C50116	DPS	Nagy, John A.	3,513	1994/5 CNMI Youth Traffic/Alcohol Conference	Sole Source	01/11/95	01/13/95
40	C50224	DDPO	Northern Marianas Protection & Advocacy Indiv	44,044	(Straid)	Sole Source	10/01/94	09/30/95
41	C50074	GOV	Pac Enterprises	2,700	Domestic/Custodial Services	Sole Source	10/01/94	03/11/94
	C50074	GOV	Pac Enterprises	1,800	Domestic And Custodial Services	Change Order No. 1	-	-
	C50074-02	GOV	Pac Enterprises	5,400	Domestic And Custodial Services	Change Order No.2	-	-
42		GOV	Padilla, Luzviminda G.	36,000	Liaison Officer	Renewal	01/01/95	12/31/95
43		GOV	Pangelinan, Ignacia B.	6,000	Secretarial Services	Sole Source	04/17/95	07/17/95
44	C50258-01	DOF	Police Dog Services	11,200	NMI Drug Detector Dog Program	Sole Source	06/21/95	07/21/95
45	C50126-01	CHC	Ripple, Barbara Grace	9,900	Counseling And Support Group Services	Sole Source	10/01/94	09/30/94
46	C50293	PR	Rose, Robert	22,000	Phase 1 Imm. Identification & Documentattion System (IIDS)	Sole Source	05/11/95	06/30/95
	C40287	CHC	Rufsholm, Donna	2,592	Radiology Consultant	Change Order No. 1	-	10/18/94
47	C50297	CONCON	Sablan, Gregorio	12,639	Provide Primary Admin. Services	Sole Source	06/01/95	08/05/95
48	C50178-01	GOV	Salas, Vicente T.	15,000	Legal Services Relating To Covenant 902 Issues	Change Order No.1	-	-
49	C50272-01	DPH	San Diego State University Foundation	17,409	State Voc-Rehab Unit In-Service Trng Program	Sole Source	10/01/94	09/30/95
50	C50002	CHC	Schnare, Sharon	4,231	1994 Title X Pacific Basic Family Planning Conference	Sole Source	10/08/94	10/19/94
51	C50284-01-03	CJPA	Search Group, Inc.	17,328	CNMI Criminal Justice Information System	Sole Source	05/08/95	05/11/95
52	C50186	DPH	Seto, Dr. Dudley S.J., M.D.	83,000	Physician Director And Consultation Services	Sole Source	03/01/95	02/28/96
53	C50117	DPS	Shimabukoru, Gary	3,513	1994/5 Cnmi Youth Traffic/Alcohol Conference	Sole Source	01/11/95	01/13/95
	C40157	BOE	Sirok, James S.	4,000	Legal Counsel Retainer Agreement	Change Order No. 2	-	-
54	C50001	CHC	Stewart, Dr. Gary	3,409	1994 Title X Pacific Basic Family Planning Conference	Sole Source	10/08/94	10/16/94
	C40111-01	GOV	Stillwell Communications	36,000	Consulting Services	Change Order No. 01	01/10/95	06/10/95
	C40111-03	GOV	Stillwell Communications	22,000	Consulting Services	Change Order No. 02	06/11/95	09/30/95

APPENDIX A
Page 11 of 13

LIST OF PROFESSIONAL SERVICES CONTRACTS
OCTOBER 1991 TO JULY 1995

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date	
55	C50280	DDPO	University Of Guam	5,000	Leadership In Technology Management Training	Sole Source	05/06/95	05/12/95
56	C50246	SMO	Wiseman, David	15,000	Legal Services To The Mayor's Office Of Saipan	Sole Source	10/01/94	10/01/95
			Total - Sole Source	<u>3,409,533</u>	56 Contracts			
II, Proposals/Biddings								
1	C50218-01	DOF	Benavente Security	32,357	Security Service For The American Memorial Park	RFP95-0019	03/01/95	09/30/96
2	C50172-01	DDPO	BI Equity Investment Inc./Balbina Perez	8,740	Access CNMI, Saipan, Rota & Tinian	Professional Services	01/03/95	04/10/95
	C50172-01	DDPO	BI Equity Investment Inc./Balbina Perez	0	Access CNMI, Saipan, Rota & Tinian	Change Order No.1	-	-
3	C50296	CCA	Center For Archaeological Investigations,Siu.	40,000	Archaeological Survey Of Rota	RFP-95-0044	05/31/95	09/15/95
	C50296	CCA	Center For Archaeological Investigations,Siu.	0	Archaeological Survey Of Rota	Change Order No. 01	-	-
	C50296	CCA	Center For Archaeological Investigations,Siu.	0	Archaeological Survey Of Rota	Change Order No. 01	-	-
4	C50084	OPA	Deloitte & Touche	135,000	Single Audit Fiscal Year 1994	RFP94-0042	11/15/94	02/28/95
5	C50011	GOV	Flores, Maria Theresa M.	18,000	Deputy Liaison Officer		10/10/94	10/09/95
6	C50172-01	DDPO	Perez, Balbina	0	Access CNMI, Rota And Tinian	Change Order No. 02	-	-
7	C50252	DPW	Winzler & Kelly Consulting Engineers	150,000	Sanitary Landfill Siting Study	Sealed Proposals	04/27/95	-
8	C50004	CCA/NAP	Casa De Felipe	4	NAP Coupon Issuance	IFB94-0023	10/01/94	09/30/94
9	C40221-01	CCA	Center For Archaeological Investigations,Siu.	0	Publication Of The Achagao Archaeological Report	Change Order No. 01	-	-
10	C50037	CHC	Island Security Services	97,967	CHC Security Services	IFB94-0040	10/01/94	09/30/94
11	C50036	CHC	Marianas Cleaners	192,000	CHC Laundry Services	IFB94-0040	10/01/94	09/30/95
12		CCA	R&M Printers	26,400	Coupon Printer Agent	IFB95-0058	-	-
13		CCA	S&A Enterprises	4	Coupon Issuance Agent	IFB95-0058	-	-
14	C50005	CCA/NAP	Union Bank	34,000	NAP Coupon Redemption	IFB94-0023	10/01/94	09/30/95
			Total Proposals/Biddings	<u>734,473</u>	14 Contracts			
III. Expedited/Emergency								
1	C50295	DPH	Paras Enterprises Saipan, Inc.	935,828	Manpower Services For Professional Nurses	Emergency	05/15/95	05/14/96
2	C50255	PR	Sea Corporation	24,750	Immigration Identification And Documentation System (IIDS)	Expedited Procurement	-	-
	C50255	PR	Sea Corporation	5,000	Cnmi Imm. Identification & Documentation Systems (IIDS)	Change Order No. 01	-	-
3	C50271-01	DPH	Hocog, Dr. Larry B.	50,000	Rota Commonwealth Health Center-Medical Care Services	Emergency Procurement	05/15/95	-
			Total - Expedited/Emergency	<u>1,015,578</u>	3 Contracts			
IV. Small Purchases								
1		GOV	Fabriag, Antonio	1,920	Custodian	Professional Services	01/01/95	12/31/95
2		GOV	Ramos, Ophelia G.	5,400	Secretarial Services	Professional Services	01/01/95	12/31/95
			Total - Small Purchases	<u>7,320</u>	2 Contracts			
			Total - Fiscal Year 1995	<u>5,166,904</u>	75 Contracts			

Glossary:

AGO	Attorney General's Office
BOE	Board of Election
C&L	Commerce & Labor
CAO	Carolinian Affairs Office
CCA	Community & Cultural Affairs
CCA/AC	Community & Cultural Affairs/Arts Council
CCA/DYS	Community & Cultural Affairs/Division of Youth Services
CCA/HP	Community & Cultural Affairs/Historic Preservation
CCA/NAP	Community & Cultural Affairs/Nutrition Assistance Program
CD	Civil Defense
CHC	Commonwealth Health Center
CHC/DEQ	Commonwealth Health Center/Division of Environmental Quality
CJA	Cong. Joaquin Adriano
CJPA	Criminal Justice Planning Agency
ConCon	Constitutional Convention Committee
DC	Disaster Control
DDPO	Developmental Disabilities Planning Office
DEQ	Division of Environmental Quality
EMO	Emergency Management Office
EO	Energy Office
DNR	Department of Natural Resources
DNR/FW	Department of Natural Resources/Fish & Wildlife
DOF	Department of Finance
DPH	Department of Public Health
DPS	Department of Public Safety
DPW	Department of Public Works
EMO	Emergency Management Office
GOV	Governor's Office
JTPA	Job Training Partnership Act
LT. GOV	Lt. Governor's Office
MVB	Marianas Visitors Bureau
OCD	Office of Civil Defense
OMB	Office of Management & Budget
OPA	Office of the Public Auditor
OPM	Office of Personnel Management
NIMO	Northern Islands Mayor's Office
PR	Policy Research
SC	Superior Court
SMO	Saipan Mayor's Office
TMO	Tinian Mayor's Office
ZB	Zoning Board

APPENDIX B
Pages 1 to 4 of 5

Note: Pages 53 to 56 of APPENDIX B, which contain copies of articles of Mr. Del Rosario which appeared to be CHC-Related, were intentionally omitted to reduce this publication's file size. This is available at OPA upon request.

**ARTICLES PROVIDED BY JR & ASSOCIATES
WHICH APPEARED TO BE DISCUSSING HEALTH REFORM**

Column Name	Article Title	Discussion
JR's Agenda	Beyond Rhetoric	There is a need to think of concrete solutions to pervasive CNMI problems in education, health, taxes, labor, etc..
Asunton Marianas	No title	Discusses about the following: (1) parents should have their children especially the babies vaccinated, (2) stay away from Shabu, (3) all males within the age of 40 should have annual physical examination to help avoid any type of serious illness, and (4) women should visit the doctor every year and have annual breast examination.
I Proan Natibo	Ti impottante I Impottante	People tend to forget that it is the responsibility of each citizen to pay for the expenses of all medical treatment. Each individual must have health insurance; otherwise another person will be shouldering the expenses incurred by others. Many believe that the medical referral program is the government's responsibility to provide funding. This is wrong. The government's obligation and responsibility is to provide the facility and services only.
I Proan Natibo	No title	The privilege provided to local residents under the medical referral program was not extended to outsiders during the Trust Territory administration. The expenses during those days were handled by the Trust Territory Government and U.S.Navy. In 1978, when the Marianas entered into a Commonwealth status, all this has changed. However, the people have thought all this time that the government is obligated to provide these services.
I Proan Natibo	Programman Medical Referral	He talks about his experience when his son was born with a heart problem. It was obvious that he would be referred to an off-island hospital because no facility was available on Saipan. He met a couple from Guam during his stay in Honolulu and he was surprised to learn that this couple had to pay for everything because Guam does not have this type of program. His point here is that local residents are fortunate because Saipan is the only place where patients are out off-island for further treatment while its government covers for everything. One can be treated at its hospital without any insurance coverage or money to pay (up-front) for the services.

APPENDIX C
Page 1 of 4

SOLE SOURCE PROCUREMENT NOT ADEQUATELY JUSTIFIED
OCTOBER 1991 TO JULY 1995

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	(1)			(2)	
							No Unique Qualifications	No Alternatives	No Justification	No P&S Determination	Determination Inadequate
C30105	01/26/93	Sole Source	OPM	Wiseman, David	1,500	Legal Counsel	X	X		X	
C30110	02/02/93	Sole Source	CHC	California Retina Associates	450,000	Ophthalmology Services				X	
C30110	09/30/93	Change Order No. 1	CHC	California Retina Associates	78,553	Ophthalmology Services				X	
C30127	03/23/93	Sole Source	DPS	Search Group, Inc.	35,000	CNMI Criminal Justice Information System	X	X		X	
C30146	03/25/93	Sole Source	AGO	Kosack, Rexford C.	40,000	Legal Counsel				X	
C30146	07/20/93	Change Order No. 1	AGO	Kosack, Rexford C.	50,000	Legal Counsel, U.S. Vs PSS				X	
C30146	01/07/94	Change Order No. 2	AGO	Kosack, Rexford C.	100,000	Legal Counsel, U.S. Vs. PSS				X	
C30146	unlocated	Change Order No. 3	AGO	Kosack, Rexford C.	50,000	Legal Counsel				X	
C30147	04/05/93	Sole Source	AGO	Wassberg & Gallagher	10,000	Legal Counsel			X	X	
C30147	07/29/93	Change Order No. 1	AGO	Wassberg & Gallagher	50,000	Legal Counsel			X	X	
C30147	03/17/94	Change Order No. 2	AGO	Wassberg & Gallagher	15,000	Legal Counsel - U.S. Vs. PSS			X	X	
C30162	05/26/93	Sole Source	CHC	Intercontinental Medical Services	83,000	Physician Director And Consultation Services					X
C30162	04/07/94	Change Order No. 1	CHC	Intercontinental Medical Services	9,370	Physician Director And Consultation Services					X
C30162	12/15/94	Change Order No. 1	CHC	Intercontinental Medical Services	(848)	Physician Director And Consultation Services					X
C30163	unlocated	Sole Source	AGO	Smith Katzenstein And Furlow	75,000	Legal Counsel Continental Airlines Bankruptcy			X		
C30174	04/29/93	Sole Source	GOV	Turner, Adam B.	12,000	Lobbying-Coordinator Consultant	X	X			X
C30174	06/30/93	Change Order No. 1	GOV	Turner, Adam B.	16,000	Consulting And Direct Services	X	X			X
C30174	09/30/93	Change Order No. 2	GOV	Turner, Adam B.	27,666	Consultation On Federal Trade Legislation	X	X			X
C30174	01/11/94	Change Order No. 3	GOV	Turner, Adam B.	24,000	Consultant	X	X			X
C30186-01	05/26/93	Sole Source	GOV	Counselors For Management	24,000	Representation In Intl Trade Neg.		X		X	
C30194	11/19/93	Sole Source	AGO	Law & Economics Consulting Group	75,000	U.S. V P.S.S And CNMI		X		X	
C30194	04/15/94	Change Order No. 1	AGO	Law & Economics Consulting Group	100,000	Expert - U.S. V. P.S.S. & The CNMI		X		X	
C30194	07/29/94	Change Order No. 2	AGO	Law & Economics Consulting Group	100,000	Expert-U.S. V. P.S.S. And CNMI		X		X	
C30194	11/17/94	Change Order No. 3	AGO	Law & Economics Consulting Group	0	Expert-U.S. Vs. P.S.S. And The CNMI		X		X	
C30216	07/07/93	Sole Source	CCA	Mccullough, Dr. Janet	15,000	Psychological Evaluation Counseling & Staff Training		X			X
C30286	09/23/93	Sole Source	BOE	Sirok, James S.	9,750	Retainer Agreement		X		X	
C40013	11/02/93	Sole Source	GOV	Counselors For Management	48,000	Representation In International Trade Negotiations		X		X	
C40047	12/21/93	Sole Source	CHC	San Diego State University Foundation	7,092	State Vocational Rehabilitation Unit In Service Training				X	
C40084	01/11/94	Sole Source	ZB	Turner, Adam B.	10,000	Zoning Consultant Services		X		X	
C40085	02/01/94	Sole Source	TMO	A.B.T. Incorporated	87,465	Completion Of The Tinian Master Plan		X			
C40110	02/23/94	Sole Source	OMB	B.Y.T. Consulting Services	42,000	Special Advisor To Contracting Officer	X	X			
C40110	07/14/94	Change Order No. 1	OMB	B.Y.T. Consulting Services	42,000	Consulting Services	X	X			
C40110-01	02/02/95	Change Order No.2	OMB	B.Y.T. Consulting Services	42,000	Consulting Services	X	X			
C40110-01	07/25/95	Change Order No. 3	OMB	B.Y.T. Consulting Services	21,000	Consulting Services	X	X			

APPENDIX C
Page 2 of 4

SOLE SOURCE PROCUREMENT NOT ADEQUATELY JUSTIFIED
OCTOBER 1991 TO JULY 1995

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	(1)			(2)	
							No Unique Qualifications	No Alternatives	No Justification	No P&S Determination	Determination Inadequate
C40111	02/23/94	Sole Source	GOV	Stillwell Communications	72,000	Consulting Services		X			
C40111-01	03/15/95	Change Order No. 01	GOV	Stillwell Communications	36,000	Consulting Services		X			
C40111-03	10/02/95	Change Order No. 02	GOV	Stillwell Communications	22,000	Consulting Services		X			
C40112	02/23/94	Sole Source	GOV	Cahn And Associates	60,000	Consulting Services		X			
C40112	03/08/95	Change Order No. 01	GOV	Cahn And Associates	60,000	Consultant Services		X			
C40113	02/25/94	Sole Source	GOV	Jr And Associates	40,000	Image Building Program					X
C40113	05/12/94	Change Order No. 1	GOV	Jr And Associates	0	Consulting Services					X
C40113	10/10/94	Change Order No. 2	GOV	Jr And Associates	12,000	Image Building Program					X
C40116	03/07/94	Sole Source	CCA	Mccullough, Dr. Janet	25,000	Psychological Evaluation Counseling		X			X
C40116	09/26/94	Change Order No. 1	CCA/DYS	Mccullough, Dr. Janet	(5,785)	Psychological Evaluation		X			X
C40122	03/02/94	Sole Source	GOV	Dc Consulting Services	28,672	Consulting Services	X	X			X
C40123	03/02/94	Sole Source	GOV	Fidelino, Narciso "Jun"	26,667	Consulting Services	X	X			X
C40130	03/29/94	Sole Source	SMO	Wiseman, David	15,000	Legal Services To The Mayor's Office Saipan	X	X		X	
C40130	11/08/94	Change Order No. 1	SMO	Wiseman, David	4,750	Legal Services To The Mayor's Office	X	X		X	
C40132	05/05/94	Sole Source	CHC	Intercontinental Medical Services	83,000	Physician Director And Consultation Services				X	
C40157	04/29/94	Sole Source	BOE	Sirok, James S.	60,000	Retainer Agreement	X	X			
C40157	07/12/94	Change Order No. 1	BOE	Sirok, James S.	17,500	Legal Counsel Retainer Agreement	X	X			
C40157	12/13/94	Change Order No. 2	BOE	Sirok, James S.	4,000	Legal Counsel Retainer Agreement	X	X			
C40222	06/29/94	Sole Source	GOV	B&M Consulting Services	42,000	Professional Services		X			
C40227	08/15/94	Sole Source	NIMO	Angyuta Shipping Company	7,500	Official Trip To Northern Islands		X		X	
C40227	09/22/94	Change Order No. 1	NIMO	Angyuta Shipping Company	1,107	Official Trip To Anatahan Island		X		X	
C40229	07/13/94	Sole Source	OMB	International Management	15,000	Consulting Services		X			
C40248	09/02/94	Sole Source	DOF	Kpmg Peat Marwick	95,000	Simulations Of Taxpayer Data Base		X			
C40249	08/24/94	Sole Source	DPS	Search Group, Inc.	9,057	CNMI Criminal Justice Information System				X	
C40250	08/16/94	Sole Source	CHC	Deloitte & Touche	20,000	CHC Financial Statements Compilation		X			
C40276	09/20/94	Sole Source	OMB	International Management	36,000	Operations Manual		X			
C40290	09/28/94	Sole Source	NIMO	Angyuta Shipping Company	15,000	Official Trip To Anatahan Island		X			
C40291	09/22/94	Sole Source	GOV	Cahn And Associates	21,000	Consulting Services		X			
C40297	09/23/94	Sole Source	GOV	Paras, Jonathan S.	3,500	Professional Services	X	X		X	
C50075	12/01/94	Sole Source	GOV	Fidelino, Narciso "Jun"	39,996	Consulting Services	X	X			
C50095	01/25/95	Renewal	OPM	Halsell, Patricia	5,000	Legal Counsel				X	
C50095	01/25/95	Change Order No. 1	OPM	Eason And Halsell	50,000	Civil Services Commission				X	
C50098	12/01/94	Sole Source	GOV	Dc Consulting Services	40,000	Consulting Services Relating Tinian	X	X			
C50108	12/15/94	Sole Source	GOV	Jr And Associates	48,000	Formulation & Promotion Of The Health Reform Program	X	X			X
C50132-01	01/06/95	Sole Source	GOV	Cahn And Associates	19,450	To Assist The Office Of Personnel Management		X			
C50176	01/17/95	Sole Source	TMO	Jqc Consultants	50,000	Consulting Services		X			
C50186	04/27/95	Sole Source	DPH	Seto, Dr. Dudley S.J., M.D.	83,000	Physician Director And Consultation Services	X			X	

APPENDIX C
Page 3 of 4

SOLE SOURCE PROCUREMENT NOT ADEQUATELY JUSTIFIED
OCTOBER 1991 TO JULY 1995

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	(1)			(2)		
							No Unique Qualifications	No Alternatives	No Justification	No P&S Determination	Determination Inadequate	
C50195	03/16/95	Sole Source	PR	Magna Enterprises International Inc.	1,496,365	Imm. Identification & Documentation System (IIDS)					X	
C50195	03/16/95	Change Order No. 01	PR	Magna Enterprises International Inc.	0	Imm. Identification & Documentation System Labor & Imm.					X	
C50203	02/15/95	Sole Source	DPH	Jonah D. Vanderiff/Lasco Manpower Services	250,000	Manpower Serices For Professional Nurses	X	X				
C50208-01	03/08/95	Sole Source	GOV	Lujan, Manuel Jr.	78,000	Consultant Services		X				
C50213-01	03/29/95	Sole Source	DOF	Desiderio, Robert	15,000	Public Law 9-22 Implementation Review		X				
C50225	04/06/95	Sole Source	CCA	Mccullough, Dr. Janet Ph.D.	15,000	Psychological Evaluation Counmseling & Staff Training		X				
C50246	03/28/95	Sole Source	SMO	Wiseman, David	15,000	Legal Services To The Mayor's Office Of Saipan	X	X				
C50272-01	05/31/95	Sole Source	DPH	San Diego State University Foundation	17,409	State Voc-Rehab Unit In-Service Trng Program	X	X				
C50284-01-03	05/22/95	Sole Source	CJPA	Search Group, Inc.	17,328	CNMI Criminal Justice Information System		X				
C50297	06/01/95	Sole Source	CONCON	Sablan, Gregorio	12,639	Provide Primary Admin Services			X			
C50306	08/11/95	Sole Source	NIMO	Angyuta Shipping Company	5,737	Official Trip To Anatahan Island		X			X	
C50322	06/26/95	Sole Source	DOF	Creative Networking Consultants	60,000	Professional Services For The CNMI ("GHI")	X	X				
C50322	06/26/95	Change Order No. 01	DOF	Creative Networking Consultants	0	Professional Serv. For The CNMI Grorp Health Ins. Program	X	X				
C50332	07/10/95	Sole Source	GOV	Cahn, David L.	83,000	Labor Code Revision		X				
C67209-01	12/02/91	Sole Source	GOV	U.S. Strategies Corp.	60,000	Professional Advocacy					X	
C67209-01	02/18/92	Amendment No. 1	GOV	U.S. Strategies Corp.	0	Professional Advocacy					X	
C67346-01	11/18/91	Sole Source	DOF	International Management	9,000	Audit Resolution Project		X			X	
C67382-01	12/18/91	Sole Source	CCA/NAP	Mccullough, Dr. Janet	20,000	Psychological Evaluation		X				X
C67382-01	09/22/92	Change Order No. 1	CCA/DYS	Mccullough, Dr. Janet	5,000	Psychological Evaluation		X				X
C67461-01	01/31/92	Sole Source	DOF	Deloitte & Touche	30,000	FMS Assessment And Evaluation					X	
C67604-01	03/09/92	Sole Source	OCD	Angyuta Shipping Company	42,000	PSP Experiment And GSP Survey						X
C67619-01	05/15/92	Sole Source	GOV	Counselors For Management	30,000	Consulting Services		X				X
C67648-01	05/12/92	Sole Source	AGO	Desiderio, Robert	17,500	Prelaw Program					X	
C67759-01	04/24/92	Sole Source	AGO	Wilmer, Cutler & Pickering	100,000	Legal Counsel		X			X	
C67759-01	06/15/92	Change Order No. 1	AGO	Wilmer, Cutler & Pickering	100,000	Legal Services		X			X	
C67760-01	06/04/92	Sole Source	AGO	Cameron & Hornbostel	50,000	Legal Counsel		X			X	
C67760-01	09/30/92	Change Order No. 1	AGO	Cameron & Hornbostel	56,774	Legal Services		X			X	
C67761-01	06/05/92	Sole Source	AGO	Corriea & Slavitt	50,000	Legal Counsel		X			X	
C67761-01	09/30/92	Change Order No. 1	AGO	Corriea & Slavitt	39,337	Legal Services		X			X	
C67786-01	06/09/92	Sole Source	CHC	Intercontinental Medical Services	83,000	Consultation Services						X
C67787-01	06/08/92	Sole Source	CHC	San Jose State University	90,038	Bachelor Of Science In Nursing Program		X				X
C67980-01	07/23/92	Sole Source	DOF	Desiderio, Robert	30,000	Tax Reform Study		X			X	
C67980-01	02/04/93	Change Order No. 1	DOF	Desiderio, Robert	10,000	Tax Reform Study		X			X	
C67980-01	05/17/93	Change Order No. 2	DOF	Desiderio, Robert	10,000	Tax Reform Study		X			X	
C68025-01	08/25/92	Sole Source	SMO	Wiseman, David	15,000	Legal Services	X	X			X	
C68068-01	09/10/92	Sole Source	DOF	Deloitte & Touche	40,000	FMS Assessment And Evaluation		X			X	
C68093-01	09/17/92	Sole Source	ZB	Turner, Adam B.	40,000	Zoning Consultant Services						X
C68095-01	09/17/92	Sole Source	GOV	U.S. Strategies Corp.	60,000	Federal Initiatives Advocacy	X	X				X

APPENDIX C
Page 4 of 4

SOLE SOURCE PROCUREMENT NOT ADEQUATELY JUSTIFIED
OCTOBER 1991 TO JULY 1995

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	(1)			(2)	
							No Unique Qualifications	No Alternatives	No Justification	No P&S Determination	Determination Inadequate
C68113-01	09/24/92	Sole Source	NIMO	Angyuta Shipping Company	21,000	Field Trip To N. Islands				X	
C68115-01	09/30/92	Sole Source	GOV	Prof. David Caron & Stefan Riesenfeld	40,000	Legal Counsel	X	X			X
C68115-01	unlocated	Change Order No. 1	AGO	Prof. David Caron & Stefan Riesenfeld	20,000	Legal Services	X	X			X
C68161-01	09/30/92	Sole Source	AGO	Macmeekin & Woodworth	47,482	Legal Services		X		X	
C68161-01	unlocated	Change Order No. 1	AGO	Macmeekin & Woodworth	40,000	Legal Services		X		X	
C68195-01	10/14/92	Sole Source	DOF	Kpmg Peat Marwick	50,000	Simulations Of Taxpayer Data Base		X		X	
C68195-01	04/14/93	Change Order No. 1	DOF	Kpmg Peat Marwick	12,000	Tax Reform Study		X		X	
TOTAL - 76 Contracts					\$6,194,571	No. of Contracts	57		3	33	16

APPENDIX D
Page 1 of 5

CONTRACTS WITHOUT ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED
BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS
OCTOBER 1991 TO JULY 1995

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)
									Price Not Justified	Amendment Cost Increase	Scope/ Deliverables Not Specific	Open-Ended Contracts	Repeated Renewals
C30105	01/26/93	Sole Source	OPM	Wiseman, David	1,500.00	Legal Counsel	01/01/93	03/31/93	x				
C30127	03/23/93	Sole Source	DPS	Search Group, Inc.	35,000	Cnmi Criminal Justice Information System	02/01/93	12/31/93	x				
C30147	04/05/93	Sole Source	AGO	Wassberg & Gallagher	10,000	Legal Counsel	01/01/93	05/01/93		x			
C30147	07/29/93	Change Order No. 1	AGO	Wassberg & Gallagher	50,000	Legal Counsel	01/01/93	05/01/93		x			
C30147	03/17/94	Change Order No. 2	AGO	Wassberg & Gallagher	15,000	Legal Counsel - U.S. Vs. PSS	05/01/93	09/30/94		x			
C30162	05/26/93	Sole Source	CHC	Intercontinental Medical Services	83,000	Physician Director And Consultation Services	03/01/93	02/28/94	x				
C30162	04/07/94	Change Order No. 1	CHC	Intercontinental Medical Services	9,370	Physician Director And Consultation Services	-	-	x				
C30162	12/15/94	Change Order No. 1	CHC	Intercontinental Medical Services	(848)	Physician Director And Consultation Services	-	09/30/94	x				
C30174	04/29/93	Sole Source	GOV	Turner, Adam B.	12,000	Lobbying-Coordinator Consultant	04/29/93	07/29/93	x	x			x
C30174	06/30/93	Change Order No. 1	GOV	Turner, Adam B.	16,000	Consulting And Direct Services	07/30/93	10/15/93	x	x			x
C30174	09/30/93	Change Order No. 2	GOV	Turner, Adam B.	27,666	Consultation On Federal Trade Legislation	10/15/93	12/31/93	x	x			x
C30174	01/11/94	Change Order No. 3	GOV	Turner, Adam B.	24,000	Consultant	01/01/94	03/31/94	x	x			x
C30186-01	05/26/93	Sole Source	GOV	Counselors For Management	24,000	Representation In Intl Trade Neg.	05/11/93	11/11/93	x				
C30286	09/23/93	Sole Source	BOE	Sirok, James S.	9,750	Retainer Agreement	09/01/93	12/31/93	x				
C40013	11/02/93	Sole Source	GOV	Counselors For Management	48,000	Representation In International Trade Negotiations	11/12/93	11/12/94	x				
C40084	01/11/94	Sole Source	ZB	Turner, Adam B.	10,000	Zoning Consultant Services	12/14/93	01/30/94	x				
C40085	02/01/94	Sole Source	TMO	A.B.T. Incorporated	87,465	Completion Of The Tinian Master Plan	12/15/93	12/15/94	x				
C40110	02/23/94	Sole Source	OMB	B.Y.T. Consulting Services	42,000	Special Advisor To Contracting Officer	01/10/94	06/30/94	x		x		x
C40110	07/14/94	Change Order No. 1	OMB	B.Y.T. Consulting Services	42,000	Consulting Services	07/01/94	12/31/94	x		x		x
C40110-01	02/02/95	Change Order No.2	OMB	B.Y.T. Consulting Services	42,000	Consulting Services	01/01/95	06/30/95	x		x		x
C40110-01	07/25/95	Change Order No. 3	OMB	B.Y.T. Consulting Services	21,000	Consulting Services	07/01/95	09/30/95	x		x		x
C40111	02/23/94	Sole Source	GOV	Stillwell Communications	72,000	Consulting Services	01/10/94	01/09/95	x		x		x
C40111-01	03/15/95	Change Order No. 1	GOV	Stillwell Communications	36,000	Consulting Services	01/10/95	06/10/95	x		x		x
C40111-03	10/02/95	Change Order No. 2	GOV	Stillwell Communications	22,000	Consulting Services	06/11/95	09/30/95	x		x		x
C40112	02/23/94	Sole Source	GOV	Cahn And Associates	60,000	Consulting Services	02/01/94	02/01/95	x		x	x	x
C40112	03/08/95	Change Order No. 1	GOV	Cahn And Associates	60,000	Consultant Services	02/01/95	01/31/96	x		x	x	x
C40113	02/25/94	Sole Source	GOV	Jr And Associates	40,000	Image Building Program	02/25/94	06/30/94	x		x		
C40113	05/12/94	Change Order No. 1	GOV	Jr And Associates	0	Consulting Services	02/28/94	06/30/94	x		x		
C40113	10/10/94	Change Order No. 2	GOV	Jr And Associates	12,000	Image Building Program	-	09/30/94	x		x		
C40116	03/07/94	Sole Source	CCA	Mccullough, Dr. Janet	25,000	Psychological Evaluation Counseling	10/05/93	09/30/94	x				
C40116	09/26/94	Change Order No. 1	CCA/DYS	Mccullough, Dr. Janet	(5,785)	Psychological Evaluation	-	-	x				

**CONTRACTS WITHOUT ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED
BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS
OCTOBER 1991 TO JULY 1995**

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)
									Price Not Justified	Amendment Cost Increase	Scope/ Deliverables Not Specific	Open-Ended Contracts	Repeated Renewals
C40122	03/02/94	Sole Source	GOV	Dc Consulting Services	28,672	Consulting Services	02/01/94	10/01/94	x		x		
C40123	03/02/94	Sole Source	GOV	Fidelino, Narciso "Jun"	26,667	Consulting Services	02/15/94	10/01/94	x		x		
C40130	03/29/94	Sole Source	SMO	Wiseman, David	15,000	Legal Services To The Mayor's Office Saipan	01/01/94	09/30/94	x				
C40130	11/08/94	Change Order No. 1	SMO	Wiseman, David	4,750	Legal Services To The Mayor's Office	01/01/94	09/30/94	x				
C40132	05/05/94	Sole Source	CHC	Intercontinental Medical Services	83,000	Physician Director And Consultation Services	03/01/94	02/28/95	x				
C40157	04/29/94	Sole Source	BOE	Sirok, James S.	60,000	Retainer Agreement	01/01/94	06/30/94	x				
C40157	07/12/94	Change Order No. 1	BOE	Sirok, James S.	17,500	Legal Counsel Retainer Agreement	01/01/94	06/30/94	x				
C40157	12/13/94	Change Order No. 2	BOE	Sirok, James S.	4,000	Legal Counsel Retainer Agreement	-	-	x				
C40174	07/22/94	Sole Source	ZB	Turner, Adam B.	20,000	Zoning Consultant Services	04/20/94	08/31/94	x				
C40222	06/29/94	Sole Source	GOV	B&M Consulting Services	42,000	Professional Services	06/01/94	05/31/95	x		x		
C40227	08/15/94	Sole Source	NIMO	Angyuta Shipping Company	7,500	Official Trip To Northern Islands	06/27/94	06/29/94	x				
C40227	09/22/94	Change Order No. 1	NIMO	Angyuta Shipping Company	1,107	Official Trip To Anatahan Island	06/27/94	06/29/94	x				
C40248	09/02/94	Sole Source	DOF	Kpmg Peat Marwick	95,000	Simulations Of Taxpayer Data Base	08/01/94	10/30/94	x				
C40249	08/24/94	Sole Source	DPS	Search Group, Inc.	9,057	Cnmi Criminal Justice Information System	07/12/94	07/15/94	x				
C40290	09/28/94	Sole Source	NIMO	Angyuta Shipping Company	15,000	Official Trip To Anatahan Island	09/19/94	09/25/94	x				
C40291	09/22/94	Sole Source	GOV	Cahn And Associates	21,000	Consulting Services	07/31/94	08/31/94	x				
C40297	09/23/94	Sole Source	GOV	Paras, Jonathan S.	3,500	Professional Services	09/15/94	12/31/94	x				
C50075	12/01/94	Sole Source	GOV	Fidelino, Narciso "Jun"	39,996	Consulting Services	10/01/94	09/30/95	x				
C50083	11/21/94	Sole Source	GOV	Macmeekin & Woodworth	55,875	Legal Services	08/15/94	12/31/94	x				
C50083-01	03/27/95	Change Order No. 1	GOV	Macmeekin & Woodworth	14,000	Legal Services	01/01/95	05/31/95	x				
C50083-01	Routing Change Order No. 02	GOV	Macmeekin & Woodworth	40,000	Legal Services	06/01/95	12/31/95	x					
C50095	01/25/95	Renewal	OPM	Halsell, Patricia	5,000	Legal Counsel	10/01/94	09/30/95		x		x	
C50095	01/25/95	Change Order No. 1	OPM	Eason And Halsell	50,000	Civil Services Commission	10/01/94	09/30/95		x			
C50098	12/01/94	Sole Source	GOV	Dc Consulting Services	40,000	Consulting Services Relating Tinian	10/01/94	09/30/95	x		x		
C50108	12/15/94	Sole Source	GOV	Jr And Associates	48,000	Formulation & Promotion Of The Health Reform Program	10/01/94	09/30/95	x		x		
C50132-01	01/06/95	Sole Source	GOV	Cahn And Associates	19,450	To Assist The Office Of Personnel Management	01/06/95	07/06/95	x			x	
C50176	01/17/95	Sole Source	TMO	Jqc Consultants	50,000	Consulting Services	10/01/94	03/31/95	x				
C50198-01	02/14/95	Sole Source	TMO	Castro And Associates	100,000	Professional Land Surveying And Mapping Services	300 DAYS	-	x				

APPENDIX D
Page 3 of 5

CONTRACTS WITHOUT ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED
BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS
OCTOBER 1991 TO JULY 1995

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)
									Price Not Justified	Amendment Cost Increase	Scope/ Deliverables Not Specific	Open-Ended Contracts	Repeated Renewals
C50203	02/15/95	Sole Source	DPH	Jonah D. Vanderliff/Lasco Manpower Services	250,000	Manpower Serices For Professional Nurses	02/01/95	02/01/96	x				
C50208-01	03/08/95	Sole Source	GOV	Lujan, Manuel Jr.	78,000	Consultant Services	01/25/95	12/31/96	x		x		
C50213-01	03/29/95	Sole Source	DOF	Desiderio, Robert	15,000	Public Law 9-22 Implementation Review	02/15/95	06/15/95	x				
C50221-01	03/02/95	Sole Source	GOV	Bauder & Associates, Inc.	88,500	To Assist With The New Universal Health Plan	03/02/95	01/01/96	x				
C50225	04/06/95	Sole Source	CCA	Mccullough, Dr. Janet Ph.D.	15,000	Psychological Evaluation Counmseling & Staff Training	10/01/94	09/30/95	x				
C50246	03/28/95	Sole Source	SMO	Wiseman, David	15,000	Legal Services To The Mayor's Office Of Saipan	10/01/94	10/01/95	x				
C50271	04/28/95	Emergency	DPH	Hocog, Dr. Larry	50,000	Rota-Chc Medical Care Services			x				
C50272-01	05/31/95	Sole Source	DPH	San Diego State University Foundation	17,409	State Voc-Rehab Unit In-Service Trng Program	10/01/94	09/30/95	x				
C50284-01-03	05/22/95	Sole Source	CJPA	Search Group, Inc.	17,328	CNMI Criminal Justice Information System	05/08/95	05/11/95	x				
C50297	06/01/95	Sole Source	CONCON		12,639	To Provide Primary Admin Services	06/01/95	08/05/95			x		
C50302	06/09/95	Sole Source	GOV	Macmeekeen & Woodworth	100,000	Legal Counsel-Covenant Section 902 Negotiation	11/23/94	11/22/95				x	
C50305-01	06/12/95	Sole Source	LT. GOV	Macmeeekin & Woodworth	94,900	Legal Counsel-Law Of The Sea & Submerged Lands	04/15/95	04/14/96	x		x		
C50306	08/11/95	Sole Source	NIMO	Angyuta Shipping Company	5,737	Official Trip To Anatahan Island	04/07/95	04/09/95	x				
C50322	06/26/95	Sole Source	DOF	Creative Networking Consultants	60,000	Professional Services For The CNMI ("GHI")	06/01/95	12/31/95	x				
C50322	06/26/95	Change Order No. 01	DOF	Creative Networking Consultants	0	Professional Serv. For The CNMI Group Health Ins. Program	-	-	x				
C50332	07/10/95	Sole Source	GOV	Cahn, David L.	83,000	Labor Code Revision	06/20/95	06/20/96	x		x		
C62751-01	06/24/92	Sole Source	LT. GOV		60,000	Legal Counsel, Covenant Section 902				x			
C62751-01	06/24/92	Amendment No. 6	LT. GOV	Macmeeekin & Woodworth	25,000	Legal Counsel, Covenant Section 902	-	-		x			
C62751-01	10/19/92	Amendment No. 7	LT. GOV	Macmeeekin & Woodworth	125,000	Legal Counsel, Covenant Section 902	-	-		x			
C67382-01	12/18/91	Sole Source	CCA/NAP	Mccullough, Dr. Janet	20,000	Psychological Evaluation	10/01/91	09/30/92	x				
C67382-01	09/22/92	Change Order No. 1	CCA/DYS	Mccullough, Dr. Janet	5,000	Psychological Evaluation	10/01/91	09/30/92	x				
C67461-01	01/31/92	Sole Source	DOF	Deloitte & Touche	30,000	FMS Assessment And Evaluation	02/01/92	02/25/92	x				
C67604-01	03/09/92	Sole Source	CD	Angyuta Shipping Company	42,000	PSP Experiment And GSP Survey	03/08/92	03/21/92	x				
C67619-01	05/15/92	Sole Source	GOV	Counselors For Management	30,000	Consulting Services	05/10/92	05/09/93	x				
C67648-01	05/12/92	Sole Source	AGO	Desiderio, Robert	17,500	Prelaw Program	04/15/92	07/26/92	x				

**CONTRACTS WITHOUT ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED
BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS
OCTOBER 1991 TO JULY 1995**

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)
									Price Not Justified	Amendment Cost Increase	Scope/ Deliverables Not Specific	Open-Ended Contracts	Repeated Renewals
C67759-01	04/24/92	Sole Source	AGO	Wilmer, Cutler & Pickering	100,000	Legal Counsel	01/15/92	12/31/92	x	x			
C67759-01	06/15/92	Change Order No. 1	AGO	Wilmer, Cutler & Pickering	100,000	Legal Services	01/15/92	12/31/92	x	x			
C67760-01	06/04/92	Sole Source	AGO	Cameron & Hornbostel	50,000	Legal Counsel	01/15/92	12/31/92	x				
C67760-01	09/30/92	Change Order No. 1	AGO	Cameron & Hornbostel	56,774	Legal Services	-	-	x				
C67761-01	06/05/92	Sole Source	AGO	Corriea & Slavitt	50,000	Legal Counsel	01/15/92	12/31/92	x				
C67761-01	09/30/92	Change Order No. 1	AGO	Corriea & Slavitt	39,337	Legal Services	-	-	x				
C67764-01	05/05/92	Sole Source	OPM	Mitchell, Lawrence	50,000	Group Life Insurance Review	04/17/92	06/30/92	x				
C67764-01	10/23/92	Amendment No. 1	OPM	Mitchell, Lawrence	1,631	Group Health Insurance Review	08/01/92	08/31/92	x				
C67787-01	06/08/92	Sole Source	CHC	San Jose State University	90,038	Bachelor Of Science In Nursing Program	04/01/92	03/31/93	x				
C67980-01	07/23/92	Sole Source	DOF	Desiderio, Robert	30,000	Tax Reform Study	06/01/92	10/10/92	x				
C67980-01	02/04/93	Change Order No. 1	DOF	Desiderio, Robert	10,000	Tax Reform Study	-	-	x				
C67980-01	05/17/93	Change Order No. 2	DOF	Desiderio, Robert	10,000	Tax Reform Study	10/11/92	09/30/93	x				
C68025-01	08/25/92	Sole Source	SMO	Wiseman, David	15,000	Legal Services	01/13/92	01/12/93	x				
C68068-01	09/10/92	Sole Source	DOF	Deloitte & Touche	40,000	FMS Assessment And Evaluation	08/01/92	01/31/93	x				
C68093-01	09/17/92	Sole Source	ZB	Turner, Adam B.	40,000	Zoning Consultant Services	08/16/92	12/20/92	x				
C68095-01	09/17/92	Sole Source	GOV	U.S. Strategies Corp.	60,000	Federal Initiatives Advocacy	09/17/92	12/31/92	x				
C68113-01	09/24/92	Sole Source	NIMO	Angyuta Shipping Company	21,000	Field Trip To N. Islands	10/12/92	10/19/92	x				
C68115-01	09/30/92	Sole Source	GOV	Prof. David Caron & Stefen Riesenfeld	40,000	Legal Counsel	09/01/92	12/31/92	x				
C68115-01	unlocated	Change Order No. 1	AGO	Prof. David Caron & Stefen Riesenfeld	20,000	Legal Services	-	-	x				
C68161-01	09/30/92	Sole Source	AGO	Macmееkin & Woodworth	47,482	Legal Services	01/01/92	09/30/92	x				
C68161-01	unlocated	Change Order No. 1	AGO	Macmееkin & Woodworth	40,000	Legal Services	-	-	x				
C68195-01	10/14/92	Sole Source	DOF	Kpmg Peat Marwick	50,000	Simulations Of Taxpayer Data Base	10/01/92	11/30/92	x				
C68195-01	04/14/93	Change Order No. 1	DOF	Kpmg Peat Marwick	12,000	Tax Reform Study	10/01/92	04/09/93	x				
TOTAL					\$4,076,468	No. of Contracts			66	5	13	4	4

**CONTRACTS WITHOUT ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED
BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS
OCTOBER 1991 TO JULY 1995**

Contract Amounts	(1)	\$3,623,829
	(2)	\$ 619,666 *
	(3)	\$ 902,878
	(4)	\$ 244,450 **
	(5)	\$ 476,666

* Original contract amounts totaled \$187,000

** Represents amounts obligated by DOF. Total payments amounted to \$312,628.

APPENDIX E

PAYMENTS TO CONTRACTORS NOT ADEQUATELY SUPPORTED

Contract No.	Contract Date	Check No.	Voucher No.	Payment Amount	Deficiencies Noted	Questionable Amount
C40113	2/25/94	344970	412449	\$4,533	No invoice.	\$4,533
C30146	3/25/93	277833	312844	29,520	No invoice.	29,520
C40229	7/13/94	352498	416904	5,400	No invoice.	5,400
C40291	9/22/94	358143	421846	21,000	No invoice.	21,000
C50083	11/21/94	366996	567205	12,498	The beginning balance stated in the invoice amounting to \$5,397 was without supports	5,397
C40112 (charged to C50132)	2/23/94	96959024	563646	13,056	Expenses during travel totaling \$1,056 were without receipts or invoices	1,056
C40112 (charged to C50132)	2/23/94	96959023	563647	25,427	The charges for airline ticket amounting to \$1,427 has no supports	1,427
C50208	3/8/95	366238	566333	7,500	\$1,000 charges for travel and taxes were without supporting computations and documents	1,000
C50302	6/9/95	394230	574023	100,000	No invoice. Supported by instruction from the DOF Secretary to pay and copy of contract.	100,000
C50322	6/26/95	396267	575419	30,000	No invoice.	30,000
C62751	6/24/92	316374	403884	32,500	The supports do not tie-in with the amount; with details of work \$2,143 (12/1 to 29/93)	30,357
C68095	9/17/92	96939020	306318	20,000	No invoice.	20,000
C67648	5/12/92	236817	952784	8,750	No invoice. Supported by copy of contract.	8,750
C67648	5/12/92	248153	954681	8,750	No invoice.	8,750
TOTAL						\$267,190

APPENDIX F

PAYMENTS PRIOR TO CONTRACT PROCESSING COMPLETION

Contract No.	Contracting Dept.	Completion Date	Contract Amount	Payment Date	Amount Paid
C30146 CO #1	AGO	7/20/93	\$50,000	4/30/93 4/30/93	\$29,520 20,000
C50075	Gov. Off.	12/1/94	39,996	11/17/94	3,333
C50083	Gov. Off.	11/21/94	55,875	11/17/94	29,704
C50095	Personnel	1/25/95	5,000	12/14/94	5,000
C50173	Gov. Off.	3/8/95	60,000	3/3/95	15,126
C50176	Mayor of Tinian	1/17/95	50,000	1/11/95	25,000
C50195	Policy & Research	3/16/95	1,496,365	2/10/95	294,000
C67759 CO #1	AGO	6/15/92	100,000	6/12/92	53,996
C50256	CHC	4/28/95	50,000	4/24/95	50,000
C67761	AGO	6/5/92 9/30/92	50,000 39,337	9/24/92	89,335
C50098	Gov. Off.	12/1/94	40,000	11/25/94	3,334
TOTAL					\$618,348

APPENDIX G
Pages 1 to 4 of 4

Note: APPENDIX G (pages 69 to 72), which contains the Secretary of Finance's letter response dated November 29, 1996, was intentionally omitted to reduce this publication's file size. The response is available at OPA upon request.

APPENDIX H
Pages 1 to 5 of 5

Note: APPENDIX H (pages 73 to 77), which contains the Governor's letter response dated January 14, 1997, was intentionally omitted to reduce this publication's file size. The response is available at OPA upon request.

APPENDIX I
Pages 1 to 2 of 2

Note: APPENDIX I (pages 78 and 79), which contains the Former Constitutional Committee Chairman's letter response dated December 20, 1996, was intentionally omitted to reduce this publication's file size. The response is available at OPA upon request.

APPENDIX J
Pages 1 to 2 of 2

Note: APPENDIX J (pages 80 and 81), which contains the Special Assistant for Management and Budget's letter response dated December 16, 1996, was intentionally omitted to reduce this publication's file size. The response is available at OPA upon request.

APPENDIX K
Pages 1 to 6 of 6

Note: APPENDIX K (pages 82 to 87), which contains the Acting Attorney General's letter comment dated December 20, 1996, was intentionally omitted to reduce this publication's file size. The response is available at OPA upon request.

APPENDIX L
Page 1 of 4

STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating advance payments and contract monitoring such as those provided under FAR.	DOF	Resolved	<p>The Secretary of Finance stated that final rules and regulations regarding advance payments to contractors and contract monitoring will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will instruct the P&S Director to issue interim policies and procedures regulating advance contract payments and contract monitoring, which is expected to be issued by January 31, 1997. He concurred that a contract administration section needed to be established to consolidate contract monitoring functions in one area. DOF is in the process of determining whether this section should be located in P&S, DOF's Secretary's Office, or the Governor's Office. In addition, the Governor responded to the recommendation. He stated the three interim actions which he expects to be taken by DOF pending adoption of the revised procurement regulations being developed by the AG's Office.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
2. Initiate the termination of the contracts of contractors which we identified as having been paid without performing their work. Inform the P&S Director who should do the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, thus, Recommendation 2 is not applicable).	AG's Office (in lieu of DOF response) for Contract C50322	Resolved	<p>The Acting Attorney General stated that the AG's Office has obtained a default judgment against Mr. Sablan. Collection under the judgment, however, is only possible to the extent that assets or income is available which can be attached. The AG's Office is continuing its efforts to collect in this matter.</p> <p>OPA Comment</p> <p>The Acting Attorney General should provide OPA with a copy of documents showing recovery of payments from the contractor of Contract C50322.</p>
3. Recover payments (including interest) made to contractors which we identified as having been paid without performing their work, and refer those who refuse to pay to the AG's Office for legal action.	ConCon Committee for Contract C50297	Open	<p>The former Chairman of the ConCon Committee stated that the Third ConCon was <i>not a part of the Executive Branch</i> or any of the other branches of the Commonwealth Government. He responded that since the Third ConCon Committee has ceased to exist, the Secretary of Finance should take the initiative to attempt to recover any such payments.</p>

APPENDIX L
Page 2 of 4

STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p style="text-align: center;">OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy the results of actions to recover payments (including interest) from the contractor of Contract C50297.</p>
	<p>Office of the Governor for Contracts C40222, C40122, C50098, C40113, and C50108</p>	Open	<p>The Governor responded that inadequate written documentation does not necessarily mean that some or all of the services required under a contract were not provided. Thus, he is forming a review committee comprised of representatives of DOF and AG's Office be formed to independently review each of the contracts discussed in the report to determine whether and to what degree (1) the contract file documentation inadequately documents services actually rendered or (2) the vendor failed to provide the services required under the contract. Based on the review, appropriate corrective action will be initiated.</p> <p style="text-align: center;">OPA Comment</p> <p>The Governor should provide OPA with (1) the target date for completion of the review and the names of the officials who will be responsible, (2) a copy of the results of the review and documents to evidence implementation.</p>
	<p>Office of Management & Budget for Contract C40276</p>	Resolved	<p>The Special Assistant for Management & Budget stated that it is not entirely the contractor's fault that contractual obligations were not performed, thus, he preferred that the situation be discussed with the contractor both in terms of the amended scope of work and consideration and amend the contract accordingly, including a new executory period. Recovery of excess payments, without interest, if warranted will also be discussed. This will be implemented by January 12, 1997.</p> <p style="text-align: center;">OPA Comment</p> <p>The Special Assistant for Management & Budget should provide OPA with a copy of documents showing results of discussion with the contractor of Contract C40276 on the matter including copies of contract amendments and documents showing recovery of improper payments.</p>

APPENDIX L
Page 3 of 4

STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>Develop detailed procedures for the appropriate use of sole source procurement and direct the P&S Director to implement such procedures, which should include:</p> <p>4. Enforcing the rule that all professional services contracts be awarded through competitive proposals.</p> <p>5. Ensuring that written determinations issued by the P&S Director for sole source procurement contain sufficient detailed explanations as to why the contractor was considered as the only source for procurement.</p> <p>6. Ensuring that alternative sources be considered in sole source procurement.</p>	DOF	Resolved	<p>The Secretary of Finance stated that final rules and regulations regarding sole source procurement will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding competitive proposals, written justifications, and alternative sources for sole source procurement and direct the P&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>7. Issue a memorandum instructing the P&S Director to develop and implement written policies and procedures regulating cost, scope of work and deliverables, and contract renewals such as those provided under FAR.</p>	DOF	Resolved	<p>The Secretary of Finance stated that final rules and regulations regulating cost, scope of work and deliverables, and contract renewals will be included in the revised procurement regulations being developed by the AG's Office. In the meantime, he will have his staff develop interim procedures regarding cost negotiation justifications, change orders, deliverables, and contract renewals, and direct the P&S Director to ensure that these procedures are implemented. He expects that these written policies and procedures be issued by January 31, 1997.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of these interim written policies and procedures.</p>
<p>Issue a memorandum instructing the DOF - Accounting Section to:</p> <p>8. Recover or offset from future payments the \$15,079 overpayments to contractors.</p> <p>9. Adequately review contract payments to prevent double payments, payment of amounts different from the terms of contracts, and payments without supporting documents such as invoices or billing statements showing accomplishment of work by contractors. Inadequately supported payment requests should be rejected.</p>	DOF	Open	<p>The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that overpayments are recovered and that contract payment requests are adequately reviewed to ensure payment amounts are correct and contain all appropriate supporting documents.</p> <p>OPA Comment</p> <p>The Secretary of Finance should provide OPA with a copy of this memorandum and the results of Finance & Accounting's actions to recover</p>

STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			overpayments.
10. Issue a memorandum instructing the P&S Director to develop and implement written policies and procedures which will ensure that Contracting Agencies do not execute contracts with the same contractor that have the same scope of work and whose periods overlap.	DOF	Open	The Secretary of Finance stated that he will issue a memorandum to the P&S Director directing that written policies and procedures be developed to prevent multiple contracts with the same vendor for the same scope of work and overlapping contract periods.
			OPA Comment
			The Secretary of Finance should provide OPA with a copy of these policies and procedures.
Issue a memorandum to the P&S Director: 11. Requiring the staff to enforce compliance with procurement regulations on contract review, processing, and oversight. 12. Instructing to develop and implement written policies and procedures regulating dating of contract periods to ensure that contracts do not become effective prior to the date of completion of contract processing.	DOF	Open	The Secretary of Finance stated that he will issue a memorandum to the P&S Director requiring compliance with the procurement regulations on contract review, processing, and oversight, and directing that written policies and procedures be developed and implemented to ensure that contracts do not become effective prior to completion of their processing.
			OPA Comment
			The Secretary of Finance should provide OPA with a copy of this memorandum and the policies and procedures to ensure that contracts do not become effective prior to the date of completion of contract processing.
13. Issue a memorandum to DOF - Accounting Section restricting payment for services performed prior to completion of contract processing.	DOF	Open	The Secretary of Finance stated that he will issue a memorandum to the Director of Finance & Accounting instructing to ensure that contract payments are not made prior to completion of contract processing.
			OPA Comment
			The Secretary of Finance should provide OPA with a copy of this memorandum.