

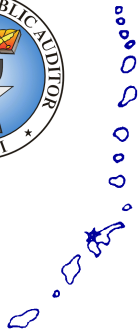


Office of the Public Auditor
Commonwealth of the Northern Mariana Islands

Executive Branch of the CNMI Government
Audit of Professional Services Contracts
From October 1, 1995 to May 4, 1998



Audit Report
AR-99-04



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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October 28, 1999

The Honorable Pedro P. Tenorio
Governor of the Commonwealth of the Northern Mariana Islands
Office of the Governor
Capitol Hill, Saipan, MP 96950

Dear Governor Tenorio:

Subject: Cover Letter - Final Report on the Audit of the Executive Branch of the CNMI Government's Professional Services Contracts from October 1, 1995 to May 4, 1998 (Report No. AR-99-04)

The enclosed audit report presents the results of our audit of the Executive Branch of the CNMI Government's Professional Services Contracts from October 1, 1995 to May 4, 1998. The objectives of the audit were to determine whether (1) procurement of professional services complied with the CNMI Procurement Regulations (CNMI-PR); (2) contractors performed the scope of work or submitted deliverables required under professional services contracts paid by the CNMI Government; (3) payments to contractors were in accordance with the contract; and (4) existing procurement rules and regulations were adequate to prevent misuse and abuse of public funds.

Our audit showed that Executive Branch agencies (1) procured professional services in violation of the CNMI-PR. Specifically, our review of 48 sole-sourced contracts selected for detailed audit showed that (i) more than 95 percent amounting to \$9.88 million were not sufficiently documented to qualify for sole source procurement; this and the fact that the majority of professional services contracts (about 64 percent) were procured using the sole-source method indicates widespread abuse in the selection of contractors; (ii) unlawful payments amounting to more than \$3.39 million were paid to a major contractor who was allowed to continue incurring expenditures although no new contract had been approved, and to six other contractors who were paid for services incurred either before contract approval or after expiration of their contracts; and (iii) at least twenty-five "open-ended" contracts which allowed reimbursement and additional charges beyond the contract amount were approved without justifications. Our audit also showed that Executive Branch agencies (2) made full or substantial payments totaling about \$400,000 to several contractors who failed to perform the scope of work and submit contract deliverables required under professional services contracts. In addition, (3) questionable payments totaling nearly \$1.49 million (*e.g.*, duplicate charges, professional fees in excess of agreed upon rates, no supporting documents) were made because of inadequate review by the Department of Finance (DOF), and (4) no pre-contract analysis or similar procedures were performed before contract execution, and Contracting Officers of various CNMI agencies approved terms and conditions which substantially favored the contractors and unnecessarily increased the expense of the CNMI government (*e.g.*, granted advance payment, scope of work was not specific, contract deliverables depend on what may be required by the Contracting Officer), resulting in a lack of assurance that contracts valued at \$7.76 million were necessary and reasonably priced.

We recommended that the Secretary of Finance (for Recommendations 1, 3, 4, 5, 7, 8 and 9) (1) require the Procurement and Supply (P&S) Director to enforce the general rule that all professional services contracts be procured using the competitive selection procedures for professional services, *i.e.*, proposals are solicited through Requests for Proposal (*RFP*). To this end, agencies should ensure that all procurement conducted through the *RFP* process be awarded based on price and other evaluation factors stated in the *RFP* and not through appointment. The *RFP* should be the *preferred method* of procurement and should not be circumvented by employing the sole source procurement method, unless adequately justified. If sole source is used, the written justification should contain (a) the *specific* unique capabilities of the contractor selected; (b) the *specific* reasons why such unique capabilities are required for the particular procurement; (c) what *specific* efforts were made to obtain competition; and (d) what other *specifically-named* contractors and other sources, both on-island and off-island, have been considered and why they were not selected. Generalized statements are not adequate, and documents to support the statements justifying the sole source procurement are mandatory; (3) require DOF - Accounting Section to stop payment for services performed without valid government contracts or prior to completion of contract processing; (4) require the P&S Director to enforce compliance with procurement regulations on the use of firm fixed price and for contract review, processing, and oversight; (5) take action to address our pending recommendations relating to the development and implementation of written policies and procedures regulating contract monitoring to ensure that payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications; issue a memorandum instructing the DOF - Accounting Section to (7) recover the nearly \$1.49 million overpayments by requesting contractors to return the amount overpaid. Of this amount, \$87,096.02 is immediately recoverable and \$1,400,955.91 is recoverable unless adequately supported by the contractors. If a contractor refuses to cooperate or repay the funds, the matter should be referred to the Attorney General's Office (AGO) for legal action; (8) adequately review future billing statements for all contractors before making payments. DOF should not rely solely on the accuracy of billing statements submitted by contractors and requests for payment from contracting officers. Previous payments to contractors should be considered and all computations should be double checked. DOF should reject any request for payment with missing or inadequate supporting documents, to ensure that only legitimate expenses are paid; and (9) take action to address our pending recommendations relating to the development and implementation of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.

A recommendation was made to the Governor and the Attorney General's Office (Recommendation 2) to consider taking appropriate action against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts. Such action includes but is not limited to reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution [CNMI-PR Section 6-211 (1)].

We also recommended that the Contracting Agencies with contracts whose scope of work was not performed¹ (for Recommendation 6) take steps to 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 Office for legal action.

¹ The Contracting Agencies are the Office of the Governor (for Contracts C70180, C70301, C70149, and 305559) and the Tinian Mayor's Office (for Contract C70220).

In her letter response dated August 13, 1999,² the Secretary of Finance concurred with all the seven recommendations addressed to her and has taken corrective measures in areas under her control. She stated that final rules and regulations regarding the matters discussed in the report are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, she directed the P&S Director to issue interim policies and procedures to this effect.

In his letter response dated August 17, 1999,² the Governor concurred with the two recommendations addressed to him (Recommendations 2 and 6) and has requested the Acting Attorney General to investigate (1) the conduct of the former government officials cited in the audit report and to recommend what actions should be taken; and (2) the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed.

In his letter response received by the Office of the Public Auditor on July 22, 1999,² the Counsel to the Tinian Mayor also concurred with Recommendation 6 and requested the Acting Attorney General to review the specific contract which was paid but the scope of work was not performed.

Based on the responses we received from DOF, we consider 4 recommendations closed and 3 recommendations resolved. We consider the 2 recommendations addressed to the Governor's Office and the one recommendation addressed to the Tinian Mayor's Office resolved. The additional information or action required to consider the other recommendations closed is presented in **Appendix I**.

Sincerely,



Leo L. LaMotte
Public Auditor, CNMI

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

² The Office of the Public Auditor released the draft report to the Secretary of Finance, the Governor, and the Mayor of Tinian on April 8, 1999 and the addressees were given 30 days from the receipt of the report to present comments which should contain explanations concerning the findings. Letter responses were received, however, after the response due date based on addressees' request for several extensions to respond to the draft report.

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EXECUTIVE SUMMARY

Our audit showed that Executive Branch agencies (1) procured professional services in violation of the CNMI Procurement Regulations (CNMI-PR). Specifically, our review of 48 sole-sourced contracts selected for detailed audit showed that (i) more than 95 percent amounting to \$9.88 million were not sufficiently documented to qualify for sole source procurement. (It should be noted that OPA's evaluation of sole source contracts did not determine whether individual contractors were qualified or not - only whether there was adequate documentation to establish their qualifications). This and the fact that the majority of professional services contracts (about 64 percent) were procured using the sole-source method indicates widespread abuse in the selection of contractors; (ii) unlawful payments amounting to more than \$3.39 million were paid to a major contractor who was allowed to continue incurring expenditures although no new contract had been approved, and to six other contractors who were paid for services incurred either before contract approval or after expiration of their contracts; and (iii) at least twenty-five "open-ended" contracts which allowed reimbursements and additional charges beyond the contract amount were approved without justifications. Our audit also showed that Executive Branch agencies (2) made full or substantial payments totaling about \$400,000 to several contractors who failed to perform the scope of work and submit contract deliverables required under professional services contracts. In addition, (3) questionable payments totaling nearly \$1.49 million (*e.g.*, duplicate charges, professional fees in excess of agreed upon rates, no supporting documents) were made because of inadequate review by the Department of Finance, and (4) no pre-contract analysis or similar procedures were performed before contract execution, and Contracting Officers of various CNMI agencies approved terms and conditions which substantially favored the contractors and unnecessarily increased the expense of the CNMI government (*e.g.*, granted advance payment, scope of work was not specific, contract deliverables depend on what may be required by the contracting officer), resulting in a lack of assurance that contracts valued at \$7.76 million were necessary and reasonably priced.

Background

The Office of the Public Auditor (OPA) initiated this audit primarily based on the request of Governor Pedro P. Tenorio on February 16, 1998. The Governor was particularly concerned about sole

source contracts entered into by the previous administration. He wanted to determine whether procurement regulations which require competitive selection had been violated in the procurement of sole source contracts and whether contractors completed the

obligations required by their contracts. This 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.

In 1997, OPA issued a report (OPA Report No. AR-97-05) on a similar audit covering the Executive Branch's professional services contracts. The scope of that audit was from fiscal years (FY) 1992 to 1995 (thereby covering the first two years of the previous administration). For the current audit, we covered FY 1996 and 1997 (the period during the last two years of the previous administration). We extended the period, however, up to May 4, 1998 (covering the first 4 months of the current administration) to make the audit as up-to-date as possible.

The Executive Branch of the CNMI Government executed 253 professional services contracts costing \$23.55 million from October 1, 1995 to May 4, 1998. This included 7 contracts entered into by the current administration amounting to \$344,589.

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. This section and 1 CMC §2557 authorize DOF to promulgate CNMI Procurement Regulations (CNMI-PR). 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.

Objectives and Scope

The objectives of the audit were to determine whether (1) procurement of professional services complied with the CNMI-PR; (2) contractors performed the scope of work or submitted deliverables required under professional services contracts paid by the CNMI Government; (3) payments to contractors were in accordance with the contract; and (4) existing procurement rules and regulations were adequate to prevent misuse and abuse of public funds.

The scope of our audit covered professional services contracts from October 1, 1995 to May 4, 1998. 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.

Professional Services Contracts Procured in Violation of the CNMI Procurement Regulations

CNMI Procurement Regulations provide that government contracts should generally be procured competitively unless the requirement for using other methods are met. Also, no contract shall be effective and no funds may be obligated or expended until all necessary government signatures have been obtained. In addition, all contracts should utilize a firm fixed price unless cost reimbursement is justified in writing. Our audit showed, however, that Executive Branch agencies procured professional services in violation of the CNMI-PR. Specifically, (1) our review of 48 sole-sourced contracts selected for detailed audit showed that 46, or more than 95 percent, amounting to \$9.88

million were not sufficiently documented to qualify for sole source procurement. This and the fact that the majority of professional services contracts (about 64 percent) were procured using the sole-source method indicates widespread abuse in the selection of contractors. Our audit also showed that (2) unlawful payments amounting to more than \$3.39 million were paid to a major contractor who was allowed to continue incurring expenditures although no new contract had been approved, and to six other contractors who were paid for services incurred either before contract approval or after expiration of their contracts. Furthermore, (3) at least twenty-five “open-ended” contracts which allowed reimbursements and additional charges beyond the contract amount were approved without justifications. This occurred because high level officials disregarded applicable CNMI regulations and failed to adequately perform their duties and responsibilities. As a result, CNMI regulations were violated and the protection provided by the procurement regulations against possible improprieties was overridden.

Accordingly, we recommend that:

1. The Secretary of Finance require the P&S Director to enforce the general rule that all professional services contracts be procured using the competitive selection procedures for professional services, *i.e.* proposals are solicited through an *RFP*. To this end, agencies should ensure that all procurement conducted through the RFP process be awarded based on price and other evaluation factors stated in the RFP and not through appointment. The RFP should be the *preferred method* of procurement and should not be circumvented by employing the sole source procurement method, unless adequately justified. If sole source is used, the written justification should contain (a) the *specific* unique capabilities of the contractor selected; (b) the *specific* reasons why such unique capabilities are required for the particular procurement; (c) what *specific* efforts were made to obtain competition; and (d) what other *specifically-named* contractors and other sources, both on-island and off-island, have been considered and why they were not selected. Generalized statements are not adequate, and documents to support the statements justifying the sole source procurement are mandatory.
2. The Governor and the Attorney General’s Office consider taking appropriate action against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts. Such action includes but is not limited to reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution [CNMI-PR Section 6-211 (1)].
3. The Secretary of Finance require the DOF - Accounting Section to stop payment for services performed without valid government contracts or prior to completion of contract processing.

4. The Secretary of Finance require the P&S Director to enforce compliance with procurement regulations on the use of firm fixed price and for contract review, processing, and oversight.

Contractors Paid Despite Failure to Perform Scope of Work

CNMI procurement regulations should include policies and procedures on contract monitoring to prevent payment to those 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 who failed to submit contract deliverables required under professional services contracts. This occurred because of the lack of written policies and procedures on contract monitoring. In addition, Contracting Officers did not take timely action against erring contractors or even report their nonperformance to the Director of Procurement of Supply, who is responsible for initiating termination of contracts for default. As a result, public funds totaling about \$400,000 were wasted or spent without evidence of any public benefit, and should be recovered.

Accordingly, we recommend that:

5. The Secretary of Finance take action to address our pending recommendations relating to the development and implementation of written policies and procedures regulating contract monitoring, to ensure that

payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications.

6. The Contracting Agencies with contracts whose scope of work was not performed (which are the Office of the Governor (for Contracts C70180, C70301, C70149, and 305559) and the Tinian Mayor's Office (for Contract C70220)) take steps to 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 Office for legal action.

Questionable Payments to Contractors

The Department of Finance should ensure that payments to contractors are accurate and in accordance with the terms of the contract. Our audit showed, however, that DOF paid or reimbursed contractors for various questionable expenses. These included payments for (1) duplicate charges, (2) professional fees in excess of agreed upon rates, (3) charges in excess of the contractors' billed amount, (4) items that were not related to the purpose of the contract, and (5) various unsupported expenses particularly for charges such as travel, telephone, and outside professional fees. This occurred because DOF relied on the contractors' billings or contracting officers' request for payment without independently reviewing individual charges for reasonableness, verifying computations, and checking supporting documents. As a result, public funds were used to pay questionable expenses

amounting to nearly \$1.49 million.

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

7. Recover the nearly \$1.49 million overpayments by requesting contractors to return the amount overpaid. Of this amount, \$87,096.02 is immediately recoverable and \$1,400,955.91 is recoverable unless adequately supported by the contractors. If a contractor refuses to cooperate or repay the funds, the matter should be referred to the Attorney General's Office for legal action.
8. Adequately review future billing statements for all contractors before making payments. DOF should not rely solely on the accuracy of billing statements submitted by contractors and requests for payment from contracting officers. Previous payments to contractors should be considered and all computations should be double checked. DOF should reject any request for payment with missing or inadequate supporting documents, to ensure that only legitimate expenses are paid.

Lack of Procedures to Ensure Necessity of Contracts and Contract Terms Substantially Favoring Contractors

Adequate procurement procedures such as a pre-contract analysis should be in place to ensure the necessity of a contract and the reasonableness of its price. Also, contract terms and conditions should be adequately justified to prevent

fraud, waste, and abuse of public funds. Our audit showed, however, that no pre-contract analysis or similar procedures were performed before contract execution, and Contracting Officers of various CNMI agencies approved terms and conditions which substantially favored the contractors and unnecessarily increased the expense of the CNMI government. Specifically, (1) the need for 16 contracts was not analyzed before they were executed; and (2) the justification of the price negotiated with contractors in 40 contracts was not prepared. The Contracting Officers also (3) granted advance payments to contractors at the rate of 20 to 55 percent upon execution of 11 contracts, without any justification; (4) authorized contract amendments which doubled or substantially increased the original amounts of 3 contracts; (5) entered into 27 contracts whose scope of work was not specific or whose contract deliverables depended on what may be required by the Contracting Officers (looking like personal services contracts exceeding Full Time Employee ceilings); and (6) allowed the repeated renewals of 23 sole source contracts without competition. This occurred because CNMI Procurement Regulations were inadequate. Also, high level officials appeared to have used the influence of their positions to obtain needed signatures for favored contractors, prior to the contracts being reviewed and documented in accordance with procurement regulations. As a result, the CNMI had no assurance that government contracts valued at \$7.76 million were necessary or were negotiated at a fair and reasonable price.

Accordingly, we recommend that:

9. The Secretary of Finance take action

to address our pending recommendations relating to the development and implementation of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.

Department of Finance Response

The Secretary of Finance concurred with all the seven recommendations addressed to her (Recommendations 1, 3, 4, 5, 7, 8, and 9) and has taken corrective measures in areas under her control. She stated that final rules and regulations regarding the matters discussed in the report are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, she directed the P&S Director to issue interim policies and procedures to this effect.

Agencies' Responses for Recommendations 2 and 6

The Governor concurred with the two recommendations addressed to him (Recommendations 2 and 6) and has

requested the Acting Attorney General to investigate (1) the conduct of the former government officials cited in the audit report and to recommend what actions should be taken; and (2) the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed.

The Counsel to the Tinian Mayor also concurred with Recommendation 6 and requested the Acting Attorney General to review the specific contract which was paid but the scope of work was not performed.

OPA Comments

Based on the responses we received from DOF, we consider 4 recommendations closed and 3 recommendations resolved. We consider the 2 recommendations addressed to the Governor's Office and the one recommendation addressed to the Tinian Mayor's Office resolved. The additional information or action required to consider the other recommendations closed is presented in **Appendix I**.

Introduction

Background

The Office of the Public Auditor (OPA) initiated this audit primarily based on the request of Governor Pedro P. Tenorio on February 16, 1998. The Governor was particularly concerned about sole source contracts entered into by the previous administration. He wanted to determine whether procurement regulations which require competitive selection had been violated in the procurement of sole source contracts and whether contractors completed the obligations required by their contracts. This 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.

In 1997, OPA issued a report (OPA Report No. AR-97-05) on a similar audit covering the Executive Branch's¹ professional services contracts. The scope of that audit was from fiscal years (FY) 1992 to 1995 (thereby covering the first two years of the previous administration). For the current audit, we covered FY 1996 and 1997 (the period during the last two years of the previous administration). We extended the period, however, up to May 4, 1998 (covering the first 4 months of the current administration) to make the audit as up-to-date as possible.

Professional Services Contracts

The Executive Branch of the CNMI Government executed 253 professional services contracts costing \$23.55 million from October 1, 1995 to May 4, 1998 (see **Table 1**). This included 7 contracts entered into by the current administration amounting to \$344,589 (See **Appendix A** for details).

Fiscal Year	No. of Contracts	Contract Amount
Previous Administration		
1996	86	7,665,968
1997	104	11,119,345
10/1/97-1/10/98	56	4,423,336
Total-Previous Administration	246	\$23,208,649
Current Administration 1/11-5/4/98	7	344,589
TOTAL	253	\$23,553,238

Table 1

¹ Composed of the Office of the Governor and other offices, agencies, and instrumentalities of the Commonwealth Government excluding the legislative branch, judicial branch, and autonomous agencies.

Professional services contracts were used by the Executive Branch to acquire a wide variety of services such as the following:

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.
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 and other medical staff, security guards and encoders.
7. **Lobbying services** for issues affecting the CNMI.
8. **Public relations services** such as newsletter publication and film showing.

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. This section and 1 CMC §2557 authorize DOF to promulgate CNMI Procurement Regulations (CNMI-PR) 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 such as 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 Proposal (RFP), and award is made to the responsible offeror whose proposal is most advantageous to the government taking into consideration price and evaluation factors set forth in the RFP. Although not prohibited, there were instances where competitive sealed bids, rather than competitive sealed proposals, were used for professional services contracts. 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 what consideration was 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, and the procurement is as competitive as is practicable.
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 are 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-PR.

Objectives,
Scope, and
Methodology

The objectives of the audit were to determine whether (1) procurement of professional services complied with the CNMI-PR; (2) contractors performed the scope of work or submitted deliverables required under professional services contracts paid by the CNMI Government; (3) payments to contractors were in accordance with the contract; and (4) existing procurement rules and regulations were adequate to prevent misuse and abuse of public funds.

The scope of our audit covered professional services contracts from October 1, 1995 to May 4, 1998. 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. We selected for detailed examination contracts whose cost exceeded \$100,000 and other contracts which were considered worthy of examination. This included at least 48 contracts and 79 amendments costing about \$14 million, which represented about 59 percent of the total cost of contracts included in our scope. 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 the DOF-P&S and Finance & Accounting offices and various contracting agencies' offices in Saipan from March to August 1998. 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.

As part of our audit, we evaluated the controls over contract payments review, pre-contract analysis, and contract terms and administration. We found numerous internal control weaknesses, which are discussed in the Findings and Recommendations section of this report. When implemented, our recommendations should improve controls over contract payments review, pre-contract analysis, and contract terms and administration.

Prior Audit
Coverage

During the past five years, OPA has conducted several financial and performance audits of various CNMI government agencies, which included a review of professional services contracts. In 1996, OPA conducted the first comprehensive audit of the CNMI Government Executive Branch's professional services contracts covering the period from October 1991 to July 1995. OPA reported several findings which included questionable payments made to contractors who failed to perform their work, sole source procurement not adequately justified, and inadequacies in the CNMI-PR.

Findings and Recommendations

A. Professional Services Contracts Procured In Violation of CNMI Procurement Regulations

More than 95% of sole-source contracts were not sufficiently documented to qualify for sole source procurement indicating widespread abuse in the selection of contractors.

The CNMI Procurement Regulations (CNMI-PR) provide that government contracts should generally be procured competitively unless the requirement for using other methods are met. Also, no contract shall be effective and no funds may be obligated or expended until all necessary government signatures have been obtained. In addition, all contracts should utilize a firm fixed price unless cost reimbursement is justified in writing. Our audit showed, however, that Executive Branch agencies procured professional services in violation of the CNMI-PR. Specifically, (1) our review of 48 sole-sourced contracts selected for detailed audit showed that 46, or more than 95 percent, amounting to \$9.88 million were not sufficiently documented to qualify for sole source procurement. This and the fact that the majority of professional services contracts (about 64 percent) were procured using the sole-source method indicates widespread abuse in the selection of contractors. Our audit also showed that (2) unlawful payments amounting to more than \$3.39 million were paid to a major contractor who was allowed to continue incurring expenditures although no new contract had been approved, and to six other contractors who were paid for services incurred either before contract approval or after expiration of their contracts. Furthermore, (3) at least twenty-five “open-ended” contracts which allowed reimbursements and additional charges beyond the contract amount were approved without justifications. This occurred because high level officials disregarded applicable CNMI regulations and failed to adequately perform their duties and responsibilities. As a result, CNMI regulations were violated and the protection provided by the procurement regulations against possible improprieties was overridden.

Procurement of Government Contracts

No government contract is valid unless it complies with the CNMI-PR (CNMI-PR Section 1-107). Under the regulations, government contracts should generally be procured competitively unless the requirements for using other methods are met. No contract is effective and no funds may be obligated or expended until all necessary government signatures have been obtained. In addition, all contracts should utilize a firm fixed price unless cost reimbursement is justified in writing.

Competitive Selection in the Procurement of Professional Services

Section 3-107 of the CNMI-PR provides 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. Award shall be made to the offeror determined in writing by the P&S Director to be the best qualified based on the evaluation factors set forth in the Request for Proposals, and negotiation of compensation determined to be fair and reasonable.

Other Procurement Method - Sole Source

Under Section 3-104, titled *Sole Source Procurement*, the P&S Director is required, before a contract is awarded without competition, to review the sole source justification submitted by the Contracting Officer and determine if the Contractor meets the sole source requirement. The written justification should contain the (1) unique capabilities required, (2) why they are required, and (3) consideration given to alternative sources.

Validity of Contracts and Use of Firm Fixed Price

Section 2-104 of the CNMI-PR, titled *Contract Review, Processing, and Oversight*, sets forth the order in which contracts are to be approved by the appropriate government officials.² It is the responsibility of the official with expenditure authority to ensure that no expenditures are incurred by the contractor prior to approval of the contract. No contract is effective against the CNMI Government until all necessary government signatures have been obtained. Also, CNMI-PR Section 3-401 requires that government contracts utilize a firm fixed price unless the P&S Director determines in writing that the use of a cost reimbursement contract is appropriate and advantageous to the government.

Section 1-108 of the Procurement Regulations, titled *Remedy Against Employee*, provides that any procurement action of an employee of the government or its agencies or political subdivisions in violation of the procurement regulations is an action outside the scope of his or her employment. The government will seek to have any liability asserted against it by a contractor which directly results from these

²The order is as follows: (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.

improper acts to be determined judicially to be the individual liability of the employee who committed the wrongful act.

[Emphasis added in all citations above.]

Violations of the CNMI-PR

Our audit showed that Executive Branch agencies procured professional services in violation of the CNMI-PR. The violations resulted in the lack of competition in the procurement of services and illegal expenditure of public funds. Detailed discussions of the findings follow.

Lack of Competition in Procurement

Our review of 48 sole-source contracts selected for detailed audit showed that 46, or more than 95 percent, amounting to \$9.88 million were not sufficiently documented to qualify for sole source procurement. This and the fact that the majority of professional services contracts (about 64 percent) were procured using the sole-source method indicates widespread abuse in the selection of contractors.

Sole Source Procurement Not Adequately Justified

To determine whether sole source procurement was justified, we selected 48 sole-source contracts for detailed review. Our review showed that 46 sole source contracts valued at \$9.88 million (including amendment costs) were procured without following the requirements under the sole source procurement method. The contracts were procured without giving adequate notices of the need for such service through Requests for Proposals (RFP). The procurement were also not adequately supported or justified to warrant sole source. The following examples were noted:

1. The written justifications of Contracting Agencies for 42 contracts did not contain explanations of the contractors' unique capabilities and/or consideration given to alternative sources as required by the regulations, and 4 contracts did not have any written justifications for sole source procurement (see **Appendix B**).

For those written justifications prepared by the Contracting Officers, with a few exceptions the usual wording is as follows: "...Because of his background, experience, ...the (name of contractor) is uniquely and solely qualified to provide the needed services. Further, I certify that consideration was given to alternative sources for meeting the anticipated needs of my office in providing, but none are available." 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 determination that the contractor was solely qualified to render the service.

2. Three contracts did not have the written determination from the P&S Director that there was only one source for the required service. Furthermore, for those 43 contracts with written determination and concurrence from the P&S Director to procure using sole source, there was nothing that explained what determining factors justified sole source procurement. This occurred because the P&S Director, in his written determination, only restated the written justification provided by the contracting officer, even if the justification was inadequate (see **Appendix B**).

The P&S Director used the following “standard” or similar wording 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.

Most Professional Services Contracts Procured Using the Sole Source Method

Based on the latest available information provided by P&S on May 4, 1998, the number of professional services contracts totaled 253 and amounted to more than \$23.5 million. 182 of these contracts costing about \$16.6 million were procured without competition. This included 171 sole-source contracts valued at \$14.97 million or 64 percent of the total cost of professional services contracts (**Figure 1**). See **Appendix A** for details.

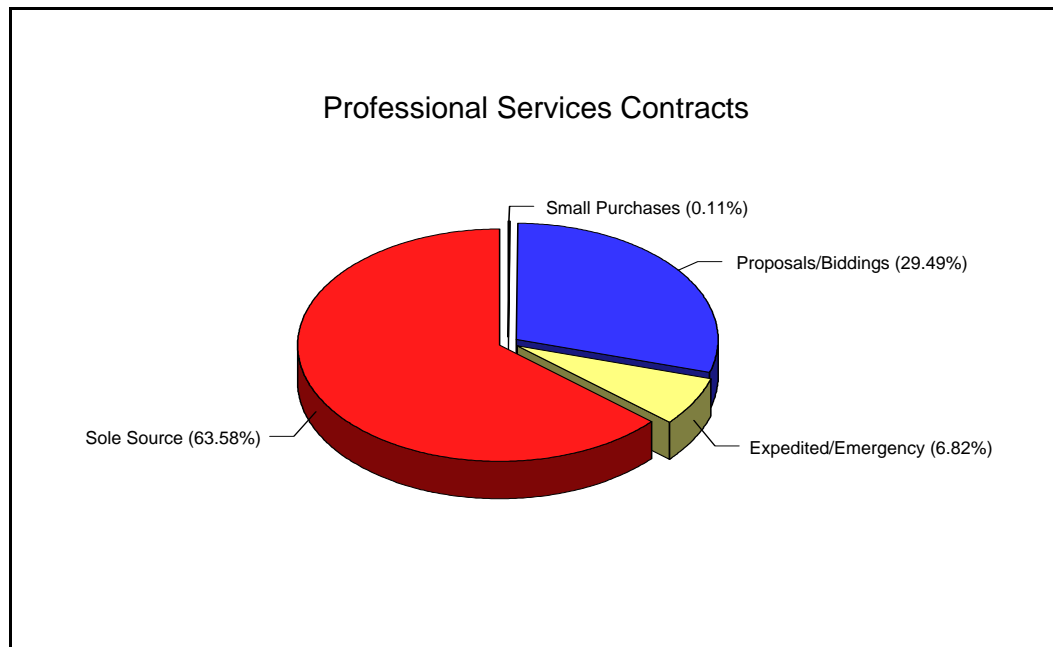


Figure 1

Unlawful Payments For Services Rendered Without Valid Government Contracts

Our audit also showed that unlawful payments amounting to more than \$3.39 million were made to a major contractor who was allowed to continue incurring expenditures although no new contract had been approved, and to six other contractors who were paid for services incurred either before contract approval or after expiration of their contracts. A detailed discussion of this finding follows.

Preston Gates Ellis & Rouvelas Meeds - \$3.23 Million

The former Governor executed a contract with Preston Gates Ellis & Rouvelas Meeds (Preston Gates) requiring the latter to provide oral legal counsel and representation in Washington D.C. from July 1, 1995 to June 30, 1996 for \$360,000 (Contract C50388). On June 14, 1996, the former Governor initiated a change order to extend the expiration date for another three months, *i.e.*, to September 30, 1996, and to obligate additional funds of \$500,000. No reason for the change was stated. Our audit showed, however, that the Contractor billed and was paid a total of \$5.21 million. Of this amount, \$3.52 million was for services rendered from October 1, 1996 to January 11, 1998, *i.e.*, after the expiration of the contract. The Contractor was allowed to continue services beyond the expiration date and to incur expenditures even without a valid contract, in violation of procurement regulations. Of the \$3.52 million, \$289,543 was for services rendered from November 1, 1997 to January 11, 1998 and was billed to the current administration. Prior to payment, the Governor ratified the contract through initiation of a \$289,543 contract with Preston Gates. Thus, billings not covered by contracts which were paid by the previous administration totaled \$3.23 million (see **Appendix C1** for details).

In spite of the absence of a valid contract, payments were made to Preston Gates based on the request of the former Executive Assistant to the Governor to the Secretary of Finance for payment by issuing memorandums and attaching corresponding invoices or billing statements submitted by Preston Gates. The former Executive Assistant justified the payment as covered by the change order of Contract C50388 although the periods of service were beyond the period covered by the contract's change order.

Under the CNMI-PR, it is the responsibility of the official with expenditure authority to ensure that the contractor does not incur any expenses until all necessary government signatures have been obtained. No contract is effective against the Commonwealth until all parties whose signatures are required on the contract form have signed the contract [CNMI-PR Section 2-104 (9) and (10)].

Other Companies - \$161,106

Six other companies were paid for services rendered outside the contract period. Three of these companies billed for expenditures incurred prior to the effective date of the contract totaling \$20,792 while four companies (one also included among

the three companies above) billed for expenditures incurred after the expiration date of the contract totaling \$140,314. Questionable payments totaled \$161,106 (see **Appendix C2** for details).

For example, the former Governor executed a contract with The Lee Solters Company requiring the latter to develop and execute a strategy to create an international awareness of the CNMI from July 1, 1996 to December 31, 1996 for \$75,000. Our audit showed, however, that included in the Contractor's billing was \$43,122 for services rendered from January to March 1997, *i.e.*, after the expiration of the contract. In another case, the former Secretary of Finance contracted Stillwell Communications for \$35,000 to provide professional support in the acquisition of federal grants, among others, from April 1 to October 31, 1996. A change order was initiated to renew the contract for an additional year, *i.e.*, from November 1, 1996 to October 31, 1997, and to increase the contract cost by \$60,000. However, the change order copy obtained by OPA from DOF was signed only by the then acting Secretary of Finance. DOF could not provide OPA with a completely processed change order. The total charges for services rendered during this period was about \$60,000 (two vouchers amounting to \$15,000 were not examined, and thus were not included in **Appendix C2**). The contractors were paid on billings for services rendered beyond the contract expiration dates, in violation of procurement regulations.

Open-Ended Contracts Without Justifications

Our audit also showed at least twenty-five "open-ended" contracts, which allowed reimbursements and additional charges beyond the contract amount, were approved without justifications.

The contracts allowed reimbursement of all related costs and expenses without setting a maximum limit and requiring justification. The contracts did not indicate the maximum amounts that could be charged to "other expenses." The Contracting Officers did not utilize a firm fixed price for the other expenses and instead used the cost reimbursement method without any written justification (see **Appendix C3** for details). The cost-reimbursement method, however, provides no incentive for a contractor to control costs and if not properly monitored, may result in unnecessary expenditures incurred by the government. Also, because no estimate of total cost for "other expenses" was established, the funds for these expenses were not obligated, as required. CNMI laws limit the funding of each government agency to annual appropriations and provide that any expenditures from or obligation under any appropriation shall not exceed the amount available therein.

Most of the contracts provided that the contractor should be reimbursed for reasonable and necessary expenses (*i.e.*, duplication, distribution of materials, and travel expenses) but did not set maximum limits on the reimbursable amount. One contract (C70096 - Cahn & Associates, Inc.) provided that in addition to the fixed monthly retainer fee of \$5,000, the contractor was entitled to \$5,000 a week or \$1,000 a day (for a period of 5 days) for services that required travel away from Washington,

D.C. Besides not justifying the \$1,000 a day additional cost, the contract did not even set an estimated number of days the contractor would likely be required to leave Washington D.C. Our review showed that the additional fees paid to the contractor totaled about \$40,000. In another contract, because there was no maximum limit on the amount that could be charged for out-of-pocket expenses, the reimbursement or additional fees paid to the contractor (Applied Business Ethics International) totaled as high as \$70,000.

Under the CNMI-PR, government contracts shall utilize a firm fixed price unless a cost reimbursement contract is justified [CNMI-PR Section 3-401 (2)]. The regulations effectively allow only two types of contracts: firm fixed price and cost reimbursement contracts. Cost reimbursement contracts may only be used in unusual circumstances and must be justified in writing. Similarly, the Federal Acquisition Regulations (FAR) used by all federal executive agencies classify contract types into two broad categories: fixed price contracts and cost reimbursement contracts. FAR limits contracts to a fixed price or a ceiling price. 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 establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.

Noncompliance With Contract Processing Procedures

Our review of sole-source contracts also disclosed further violations of contract processing procedures as follows:

1. *Official Approvals not in the Required Order.* Our review of contracts showed that 33 contracts and amendments, or about 26 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 for example, the Expenditure Authority was not the first one who signed the contract, or where the Secretary of Finance signed before the P&S Director had certified the contract's compliance with the Procurement Regulations, etc.
2. *Contractors Signed Ahead of Other Officials.* Our review further showed that 20 contracts and amendments, or about 16 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.
3. *No Completion of Contract Processing.* Our review of contract documents showed that the Completion of Contract Processing Memorandum was missing for 6 contracts and amendments, or about 5 percent of files examined.

4. *Payments Prior to Contract Processing Completion.* Our comparison of the dates when contracts were paid and when contract processing was completed showed two contracts which were paid prior to the completion date of contract processing. In one contract, the contractor was paid \$5,625 for contract C60172 on March 5, 1996 although the contract was completely processed only on March 13, 1996. In another contract, the contractor was paid \$100,000 for contract 310735-OC on March 27, 1998 although the contract was completely processed on April 30, 1998.
5. *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 106 contracts and amendments (about 83 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 10 months later, and in another case it was 8½ months later. Further, in 11 contracts and amendments (about 9 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 3½ months later, and in another case it was 8½ months later. These practices reduce contract approval to a mere formality.

Under the CNMI-PR, the official with expenditure authority prepares the contract and certifies that it complies with procurement regulations. The P&S Director then reviews and approves the contract for compliance with the regulations. The contract is next approved by the Secretary of Finance certifying availability of funds. Then the Attorney General is to certify the contract as to form and legal capacity, after which the contract must be approved by the Governor. No contract is effective against the Commonwealth until all of the parties whose signatures are required have signed the contract (See Contract Review, Processing and Oversight, CNMI-PR Section 2-104).

CNMI Regulations Were Violated

The above conditions occurred because high level officials disregarded applicable CNMI regulations and failed to adequately perform their duties and responsibilities. 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. The Secretary of Finance allowed payments to companies even without valid contracts. The P&S Director also did not enforce compliance with the procurement regulations on the use of firm fixed price and for contract review, processing, and oversight.

As a result, CNMI regulations were violated and the protection provided by the procurement regulations against possible improprieties was overridden by high level officials. The CNMI-PR was circumvented because a review of 48 sole-sourced

contracts selected for detailed audit showed that 46 were not sufficiently documented to qualify for sole source procurement. Also, public funds were illegally paid to companies without valid contracts. The use of the cost reimbursement method instead of a firm fixed price provides no incentive for the contractor to control cost. 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. Therefore, appropriate action should be taken against officials who violated the laws and regulations. Such action includes but is not limited to reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution.

Conclusion and Recommendations

High level officials disregarded existing regulations in the procurement of the contracts. Penalties should be imposed as may be appropriate under the circumstances. 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. The CNMI Government should not be liable to companies which rendered services without valid contracts. The Governor and the Attorney General should consider taking actions against the responsible CNMI officials who violated the CNMI-PR. Accordingly, we recommend that:

1. The Secretary of Finance require the P&S Director to enforce the general rule that all professional services contracts be procured using the competitive selection procedures for professional services, *i.e.* proposals are solicited through an *RFP*. To this end, agencies should ensure that all procurement conducted through the RFP process be awarded based on price and other evaluation factors stated in the RFP and not through appointment. The RFP should be the *preferred method* of procurement and should not be circumvented by employing the sole source procurement method, unless adequately justified. If sole source is used, the written justification should contain (a) the *specific* unique capabilities of the contractor selected; (b) the *specific* reasons why such unique capabilities are required for the particular procurement; (c) what *specific* efforts were made to obtain competition; and (d) what other *specifically-named* contractors and other sources, both on-island and off-island, have been considered and why they were not selected. Generalized statements are not adequate, and documents to support the statements justifying the sole source procurement are mandatory.
2. The Governor and the Attorney General's Office consider taking appropriate action against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts. Such action includes but is not limited to reprimand, suspension without pay, termination of

employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution [CNMI-PR Section 6-211 (1)].

3. The Secretary of Finance require the DOF - Accounting Section to stop payment for services performed without valid government contracts or prior to completion of contract processing.
4. The Secretary of Finance require the P&S Director to enforce compliance with procurement regulations on the use of firm fixed price and for contract review, processing, and oversight. Contracting agencies should be required to comply with procedures for processing contracts and payments.

Department of Finance Response

The Secretary of Finance concurred with the recommendations, and provided OPA copies of the letters and memoranda issued to address the recommendations, as follows:

Recommendations 1 and 4 - The Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring enforcement of the regulations (1) on competitive selection for procurement of professional services contracts, and on sole source, if applicable; and (2) on the use of firm fixed price, and for contract review, processing, and oversight. Prior to receipt of the memorandum, (thru verbal instructions from the Secretary), the P&S Director issued memoranda on May 7 and July 15, 1999, respectively, explaining to all the expenditure authorities the specific requirement of the above regulations and the need to comply with them, respectively.

Recommendation 3 - The Secretary issued a memorandum on August 13, 1999 to the Finance & Accounting Director directing her not to issue payments if contract processing has not been completed or in the absence of a valid contract.

Governor's Office Response

The Governor concurred with Recommendation 2 and provided OPA a copy of the memorandum issued on August 17, 1999 to the Acting Attorney General to investigate the conduct of the former government officials cited in the audit report and to recommend what actions should be taken.

OPA Comments

Based on the response we received from the Secretary of Finance and the Governor, we consider Recommendations 1, 3, and 4 closed, and Recommendation 2 resolved. The additional information or action required to close Recommendation 2 is presented in **Appendix I**.

B. Contractors Paid Despite Failure to Perform Scope of Work

Public funds totaling about \$400,000 were wasted or spent without evidence of any public benefit, and should be recovered.

C NMI procurement regulations should include policies and procedures on contract monitoring to prevent payment to those 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 who failed to submit contract deliverables required under professional services contracts. This occurred because of the lack of written policies and procedures on contract monitoring. In addition, Contracting Officers did not take timely action against erring contractors or even report their nonperformance to the Director of Procurement of Supply, who is responsible for initiating termination of contracts for default. As a result, public funds totaling about \$400,000 were wasted or spent without evidence of any public benefit, and should be recovered.

Policies on Contract Monitoring Need to be Included in the CNMI Procurement Regulations

Adequate rules and regulations on contract monitoring should be in place to prevent payment to those contractors who fail to fulfill their contract obligations. 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. The CNMI-PR do not, however, contain guidelines concerning 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 contract monitoring which would ensure that work is performed by contractors before payments are made. In developing contract monitoring policies and procedures, the CNMI should consider establishing a contracts administrator position within the P&S Division who would be responsible for ensuring proper supervision and inspection of a contractor's performance by the official with expenditure authority. The written policies and procedures³ on contract monitoring should state, among other things, (1) the responsibilities of the officials with expenditure authority and contracts administrator in monitoring a

³ These same criteria were quoted and recommended by OPA in the previous audit conducted on the Executive Branch's professional services contracts from October 1991 to July 1995 (OPA Report No. AR-97-05, issued on March 20, 1997). In that audit report, we discussed a finding on inadequacies in the CNMI-PR with regards to contract monitoring. We recommended that the former Secretary of Finance develop and implement written policies and procedures regulating this matter. The policies could be patterned after the Federal Acquisition Regulations (FAR). In his response, the former Secretary of Finance stated that final rules and regulations regarding contract monitoring would be included in the revised procurement regulations being developed by the Office of the Attorney General. In the meantime, he would instruct the P&S Director to issue interim policies and procedures, which he expected to be issued by January 31, 1997. To date, however, OPA has not received either interim policies and procedures or revised procurement regulations.

contractor's progress performance and completion of each contract; (2) methods to accomplish contract monitoring; (3) manner of reporting any potential or actual delay in performance and the recommended appropriate action (e.g., contract suspension, termination, stop payment); (4) process for post-evaluating each contractor; (5) criteria for debarring a contractor including a system for maintaining a record of blacklisted contractors; and (6) filing system for contractor evaluations.

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 the CNMI-PR. 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 future consideration for award of contracts.

Existing CNMI law also provides remedies in case of nonperformance. For example, *Restatement of Contracts, Second*, Chapter 16, §373 (1),⁴ 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 restatement 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

Our audit showed that the CNMI made full or substantial payments totaling \$400,336 on five professional services contracts despite the contractors' failure to perform the scope of work and submit contract deliverables. We found that Contracting Agencies certified payments without obtaining evidence of contract performance and completion. A summary of the contracts is presented in **Table 2** (see next page).

⁴The American Law Institute's restatements of the law apply in the CNMI in the absence of written or customary law to the contrary. 7 CMC §3401.

Contracting Agency/ Contractor	Contract Period	Scope of Work	Contract Amount	Total Payments	Questionable Payments
1. Governor's Office					
C70180 Phoenix International Consultants	11/01/96- 01/31/97	To provide consulting and advocacy services to the CNMI Government.	\$30,000	\$30,000	\$30,000
C70301 Phoenix International Consultants	02/01/97- 10/31/97	To provide consulting and advocacy services to the CNMI Government.	200,700	178,400	178,400
C70149 The Lee Solters Company	07/01/96- 12/31/96	To develop and execute a strategy to create an international awareness of the CNMI.	75,000	99,739	99,739
305559-OC Pacific Information Bank D.B.A. Northern Marianas Yellow Pages	10/01/97- 12/31/97	To format a 28-page daily calendar planner and six postcard selections to be bound into the 1998 Edition of the Northern Marianas Yellow Pages telephone directory of which 30,000 copies would be produced.	70,795	70,795	47,197
Sub-Total			\$376,495	\$378,934	\$355,336
2. Tinian Mayor's Office					
C70220 Vicente S. Sablan	01/01/97- 09/30/97	To provide consulting services on casino matters and issues relating to Tinian and to coordinate all official functions on behalf of the Mayor of Tinian.	33,750	33,750	33,750
C70220 Change Order 1	10/01/97- 12/31/97		11,250	11,250	11,250
Sub-Total			\$45,000	\$45,000	\$45,000
Total			\$421,495	\$423,934	\$400,336

Table 2

1. Office of the Governor

Our review of disbursement documents and contracting agencies' files of contractors' work showed that three contractors (Phoenix International Consultants, The Lee Solters Company, and Pacific Information Bank) failed to perform or completely perform the scope of work specified in their four contracts with the CNMI Government. Questionable payments to contractors totaled \$355,336 on the four contracts valued at \$376,495.

Contract C70180 (\$30,000) and C70301 (\$200,700) - The former Governor executed two contracts with Phoenix International Consultants (with Mr. Ronnie Lopez as principal) for \$230,700 over a 12-month period ending October 31, 1997, which required the latter to provide consulting and advocacy services deemed critical in gaining support of the Department of Interior and other entities, including the Hispanic Caucus of the U.S. Congress, on matters relating to the CNMI. The contractor received total payments of \$208,400 based on his monthly billing statements and Contracting Officer's Request for Payments. However, billings submitted did not include any supporting documents or explanation of work performed. Our review of contracting agencies' files of contractors' work also showed no evidence that this contractor performed any consultancy-and-advocacy-related services to the former Governor.

OPA sent a letter to the contractor on July 10, 1998 to inform him that the finding on his nonperformance of the contract would be included in the audit report unless he could provide sufficient supporting documentary evidence showing performance of the scope of work and contract deliverables. The letter was returned by the Post Office, however, with the stated reason of “forwarding order expired.” Thus, on August 10, 1998, OPA called the contractor’s office in Arizona and left a message on the answering machine for the contractor to return our call. The contractor did not return our call, so our office made a second call on September 3, 1998 and again left the same message on the answering machine. As of this report date, no response or return call has been received.

Contract C70149 - The former Governor executed a contract with The Lee Solters Company (with Mr. Lee Solters as principal) requiring the latter to develop and execute a strategy to create an international awareness of the CNMI for \$75,000 over a 6-month period ending December 31, 1996. The contractor received total payments of \$99,739 based on his monthly billing statements and Contracting Officer’s Request for Payments. However, billings submitted did not include any supporting documents or explanation of work performed. Our review of contracting agencies’ files of contractors’ work also showed that during the contract period, except for a contractor’s memorandum dated October 14, 1996 regarding a monthly newsletter format, no other documents were found on file evidencing performance. We also found in the file a memorandum from the former Special Assistant to the Governor dated March 18, 1997 stating that he was not aware of any work that Lee Solters has done except for one press release in September 1996. Subsequent to the contract period, we found two memorandums dated January 2, 1997 and February 19, 1997 from the contractor regarding preparations done in connection with Locations ‘97 (trade show) in Los Angeles.

OPA sent a letter to the contractor on July 16, 1998 to inform him that the finding on his nonperformance of the contract would be included in the audit report unless he could provide sufficient supporting documentary evidence showing performance of the scope of work and contract deliverables. In the contractor’s letter response to the Public Auditor dated August 3, 1998, he stated that (1) the contractor has nine folders of publicity and pertinent material reflecting its performance, (2) there were CNMI Officials (mentioned names) who were aware of its efforts and activities, and (3) the expense portion of its bill also would indicate its scope of agenda on behalf of the CNMI. OPA responded to the contractor through a letter dated August 20, 1998 that unless *documentation* evidencing performance was examined, OPA could not determine whether the scope of work and contract deliverables outlined in the contract were performed. Also, since OPA was provided insufficient documents as evidence that related services were performed by the contractor, and billings submitted did not include any supporting documents or explanation of work performed, asking for the documents from the contractor was OPA’s best recourse. Accordingly, OPA requested the contractor to provide a certification of all work performed as contractor under Contract No. C70149 acknowledged by the former Governor as Contracting Officer. OPA also requested that the certification

information show how, when, and where the publicity materials were circulated, indicating the estimated number of viewers or readers for a particular event or publication, if possible. As of this report date, no response has been received.

Contract 305559-OC - The former Governor executed a contract with Pacific Information Bank d.b.a. Northern Marianas Yellow Pages requiring the latter to format a 28-page daily calendar planner and six postcard selections to be bound inside 30,000 copies of the 1998 Edition of the Northern Marianas Yellow Pages telephone directory. The contract was from October 1, 1997 to December 31, 1997 for \$70,795 payable upon completion of the project. Our audit showed, however, that the contractor was paid in full for this contract although only 10,000 of the 30,000 required copies had been printed and distributed. Our review of disbursement documents showed that a down payment of 50 percent amounting to \$35,397.50 was paid to the contractor prior to the initial printing and distribution of the telephone directory. The payment was approved by the Governor based on the contractor's request for payment because the layout was finished and the cost of punctual mass printing could only be met when payment was received. In June 1998, the contractor started to distribute 10,000 copies of the telephone directory printed. In August 1998, the contractor was paid the contract balance of \$35,397.50. The payment was supported by a note from the Governor's Public Information Officer (PIO) that the contract was completed and deliverable requirements were met.

Based on our discussion with the Governor's PIO, he stated that he was not aware that only 10,000 copies of the directory were printed and distributed. He claimed that he assumed the project was completed when the directories were delivered to his office. The Governor's Office received about 30 boxes of the directory which the PIO directed his staff to distribute to the other government offices. OPA believes, however, that the contractor should not have been paid the entire amount of \$70,795 because only 10,000 of the 30,000 required copies had been printed and distributed. Based on the contract, the contractor was not entitled to any payment until the project had been completed. Nevertheless, since the contractor did complete one-third of the project, she is entitled to one-third of the contract price; the remainder constitutes questionable payments totaling \$47,197.

In our discussion with the contractor, she stated that the target date for printing and distributing the remaining 20,000 copies would be December 31, 1998. The contractor explained that the directory was released in June 1998 instead of January because they updated the names of the government officials based on the result of the November 1997 election. In January 1999, the Contractor sent a letter to OPA stating that the printing of the remaining 20,000 copies would be postponed to June 1999. This edition will be the same as the previous 10,000 copies printed and distributed in 1998. OPA believes, however, that the daily calendar planner (which was the main deliverable of the contract, covers from January to December 1998) provided only six months benefit to users because of the delay in the release of the directories to June 1998. More so with the remaining 20,000 copies which would be released in June 1999; the planner would provide no benefit at all. Also, the

necessity of the contract appeared questionable because there is a telecommunication company which provides the CNMI with the official annual telephone directories. These two directories have substantially the same information. (See Finding D of the Findings and Recommendation section of the report for our discussion of lack of procedures to ensure necessity of contracts).

2. Tinian Mayor's Office (TMO)

Our audit showed no evidence that a contractor (Vicente S. Sablan) hired by the TMO had performed the contract terms and requirements outlined under his \$45,000 contract with the Tinian Mayor's Office. The contractor, however, was paid in full for this contract.

Contract C70220 and change order no. 1 - The former Mayor of Tinian executed a contract with Vicente S. Sablan requiring the latter to provide consulting services on casino matters and issues relating to Tinian and to coordinate all official functions on behalf of the Mayor of Tinian for \$45,000 over a 12-month period ending December 31, 1997. The contractor was paid in full for this contract based on his monthly billing statements and the Contracting Officer's Request for Payments. Billings submitted by the contractor, however, did not include any supporting documents or explanation of work performed. OPA sent a letter to the current Mayor of Tinian on June 16, 1998 requesting copies of written reports, studies, certification of work performed, and other documents evidencing performance of scope of work and contract deliverables. No response was received. On September 30, 1998, OPA sent a letter to the contractor requesting documents evidencing performance of the contract terms and requirements as outlined in his contract with the former Mayor of Tinian. To date, no response has been received.

Absence of Regulations on Contract Monitoring

This occurred because of the lack of written policies and procedures on contract monitoring. In addition, Contracting Officers did not take timely action against erring contractors or even report their nonperformance to the Director of Procurement of Supply, who is responsible for initiating termination of contracts for default. As a result, public funds totaling about \$400,000 were wasted or spent without evidence of any public benefit, and should be recovered.

Conclusion and Recommendations

Because of the lack of written policies and procedures on contract monitoring, contractors were paid despite failure to completely fulfill contract obligations. The CNMI should develop policies and procedures to prevent payment without performance and recover the payments already made to the contractors. Accordingly, we recommend that:

5. The Secretary of Finance take action to address our pending recommendations relating to the development and implementation of written policies and procedures regulating contract monitoring, to ensure that payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications. In developing such policies, the Secretary should be guided by our discussion of contract monitoring on pages 15 and 16 of this report.
6. The Contracting Agencies with contracts whose scope of work was not performed⁵ take steps to 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 Office for legal action.

Department of Finance Response

The Secretary of Finance concurred with Recommendation 5 and stated that policies on contract monitoring are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director directing him to develop and implement written policies and procedures requiring that expenditure authority/contracting officers perform the contract monitoring activities to ensure payments are made only for documented work performed according to contract terms and specifications.

OPA Comments

We consider Recommendation 5 resolved. The additional information or action required to close the recommendation is presented in **Appendix I**.

Office of the Governor Response

The Governor concurred with Recommendation 6 and provided OPA a copy of the memorandum issued on August 17, 1999 to the Acting Attorney General requesting her to review the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed.

OPA Comments

We consider Recommendation 6 addressed to the Office of the Governor resolved. The additional information or action required to close the recommendation is presented in **Appendix I**.

⁵The Contracting Agencies are the Office of the Governor (for Contracts C70180, C70301, C70149, and 305559) and the Tinian Mayor's Office (for Contract C70220).

Tinian Mayor's Office Response

The Counsel to the Tinian Mayor concurred with Recommendation 6 and provided OPA a copy of the memorandum issued on July 16, 1999 to the Acting Attorney General requesting legal action against Mr. Sablan to recover the money paid to him. In addition, the Counsel to the Tinian Mayor provided OPA an outline of the contract monitoring process which TMO has established as a stopgap measure while awaiting the interim or final revised procurement regulations still not completed.

OPA Comments

We consider Recommendation 6 addressed to the Tinian Mayor's Office resolved. The additional information or action required to close the recommendation is presented in **Appendix I**.

C. Questionable Payments to Contractors

Lack of independent review procedures resulted in payments of nearly \$1.49 million in questionable expenses.

The Department of Finance (DOF) should ensure that payments to contractors are accurate and in accordance with the terms of the contract. Our audit showed, however, that DOF paid or reimbursed contractors for various questionable expenses. These included payments for (1) duplicate charges, (2) professional fees in excess of agreed upon rates, (3) charges in excess of the contractors' billed amount, (4) items that were not related to the purpose of the contract, and (5) various unsupported expenses particularly for charges such as travel, telephone, and outside professional fees. This occurred because DOF relied on the contractors' billings or contracting officers' request for payment without independently reviewing individual charges for reasonableness, verifying computations, and checking supporting documents. As a result, public funds were used to pay questionable expenses amounting to nearly \$1.49 million.

Review of Contractors' Billings

When requesting reimbursements, the contractors submitted invoices or billing statements requesting approval from the contracting agency. The contracting officer approved the payments by issuing memorandums addressed to the DOF-Finance and Accounting Section requesting issuance of checks payable to the contractor. DOF should ensure that payments to contractors are accurate and in accordance with the terms of the contract. Prior to payment, the reviewer should check whether (1) the billing charges have already been paid; (2) charges comply with the terms of the contract especially as to amount, documentation required, and payment schedule; (3) contracting officers' requests for payment are tied-in with the supporting billing documents; and (4) reimbursements for other charges incurred by the contractor are legitimate expenses of the CNMI Government because they are related to the purpose of the contract.

Questionable Contractor Payments of Nearly \$1.49 Million

Our audit showed that DOF paid or reimbursed contractors for various questionable expenses totaling \$1,488,051.93. These included payments for (1) duplicate charges, (2) professional fees in excess of agreed upon rates, (3) charges in excess of the contractors' billed amount, (4) items that were not related to the purpose of the contract, and (5) various unsupported expenses particularly for charges such as travel, telephone, and outside professional fees. A breakdown of these expenses is shown in the table on next page (**Table 3**).

Particulars	Amount
1. Duplicate charges	\$73,479.33
2. Professional fees charged in excess of agreed upon rate	5,635.58
3. Amounts requested for payments in excess of the contractors' billed amount	5,046.11
4. Items that are not related to the purpose of the contract	2,935.00
5. Various unsupported expenses	1,400,955.91
Total	\$1,488,051.93

Table 3

Duplicate Charges - \$73,479.33

Our review of disbursement documents showed five contracts whose monthly professional fees or travel expenses 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 \$73,479.33, pertained to the following contracts (Table 4).

Contract No./ Contractor	Nature	Double Payment	Amount	APV No.	Check No.
C50305 MacMeekin & Woodworth	July 1997 Professional fees	\$13,593.37	\$13,593.37	12086 11212	11681 508991
	August 1997 Professional fees	19,131.33	19,131.33	12088 11212	11681 508991
C60114 MacMeekin & Woodworth	May 1997 Professional fees	9,102.17	9,102.17	5201 11212	4446 508991
	July 1997 Professional fees	11,819.07	11,819.07	12090 11212	11681 508991
	August 1997 Professional fees	2,512.55	2,512.55	12093 11212	11681 508991
C70180 Phoenix Int'l. Consultants	December 1996 Professional fees	10,000.00	10,000.00	729586 733519	468619 471997
C60334 Pete A. Tenorio	February and March 1997 Professional fees	6,000.00	6,000.00	733103 734285	471641 472682
C60196 Verner, Lipfert, Bernhard, McPherson & Hand	December 1995 Travel Expenses	1,320.84	1,320.83	925139 925138	415695 415695
TOTAL		\$73,479.33	\$73,479.32		

Table 4

Professional Fees Charged In Excess of Agreed Upon Rate - \$5,635.58

Our review showed that a contractor was paid amounts different from the terms of the contract, which was not detected by the Contracting Officer and resulted in overpayment totaling \$5,635.58. The former Mayor of Saipan contracted the professional services of David A. Wiseman for a one-year period at a fee of \$20,000 payable upon submission of invoices (Contract no. C60142). Our review of the contracting agencies' files of contractors' work showed a letter from the former Mayor addressed to the former Acting Attorney General dated February 9, 1996 (prior to contract approval) stating that the contractor's hourly rate would be \$150 per hour. Our review of billing statements showed, however, that the contractor

billed the CNMI at rates higher than what was agreed upon (i.e., at \$170 to \$200 per hour). The Saipan Mayor’s Office was unable to provide us documentation that higher rates were agreed upon by the parties and thus should be charged by the contractor. The details of the overpayment are as follows (Table 5).

APV No.	Check No.	(A) Rate Billed	(B) Hours Billed	Overpayment [(A) - \$150 x (B)]
939150	456348	\$170	34 hrs. & 36 mins.	\$692.00
		195	25 hrs. & 6 mins.	1,129.50
726898	467849	170	6 hrs. & 42 mins.	134.00
		195	40 hrs. & 34 mins.	1,825.50
739326	487760	170	3 hrs. & 48 mins.	76.00
		175	15 hrs. & 24 mins.	385.00
		195	15 hrs. & 57 mins.	717.75
		200	13 hrs. & 31 mins.	675.83
TOTAL				\$5,635.58

Table 5

Amounts Requested for Payments in Excess of the Contractors’ Billed Amount - \$5,046.11

Our audit showed three instances where contractors were paid in excess of the contractors’ billed amount because the amounts requested for payment by the contracting officers were erroneous. The details are as follows (Table 6).

Contract No./ Contractor	Nature	APV No.	Check No.	(A) Amount Paid	(B) Per Billing Statement	Overpayment [(A) - (B)]
C70156 Law Office of Eason & Halsell	September 1997 services	14803	13811	\$12,930.65	\$10,504.20	\$2,426.45
C50388 Preston Gates Ellis & Rouvelas Meeds	October 1997 other charges	22037	209535	25,857.68	24,238.02	1,619.66
C70149 The Lee Solters Co.	March 1997 services	733769	472267	13,992.68	12,992.68	1,000.00
TOTAL				\$52,781.01	\$47,734.90	\$5,046.11

Table 6

Items that were not Related to the Purpose of the Contract - \$2,935

Billing statements for two contracts included items that were not related to the contracts’ objectives. For contract no. C50388 (Preston Gates Ellis & Rouvelas Meeds), the contractor’s June 1996 billing included the cost incurred for a June 6, 1996 Golf tournament of \$2,000. For contract no. C60355 (Stillwell Communications), the contractor’s June 1997 billing included the \$935 cost of an Olympus digital camera. The contractors did not provide documentation to explain the legitimacy of charging these expenses to the CNMI. These charges should be considered as contractors’ company expenses and should not be charged to the CNMI.

Various Unsupported Expenses - \$1,400,955.91

Several payments to contractors were without supporting documents. These payments amounted to \$1,400,955.91. In most instances, other charges such as travel, telephone, outside professional fees, photocopy/telecopy, lexis charges (computerized research services), and other miscellaneous expenses have no support (e.g., airline tickets, boarding pass, hotel accommodation charges, etc.). There were also instances when travel charges billed by the contractors to the CNMI included travel cost of CNMI government officials (e.g., the former Governor’s Public Information Officer) and other contractors of the CNMI government. Aside from lacking supporting documents, other charges have no explanation (breakdown/details/type of charges) which the contracting officers could review for propriety. Some travel charges do not have information on travel dates. We also noted instances where DOF payments were without Contractor’s billing statements or invoices. The details are presented in **Appendix D**.

Inadequate Review of Contract Payments

This occurred because DOF relied solely on the Contractor’s billings or contracting officers’ request for payment without independently computing the amount of actual charges. Among other things, DOF did not check whether previous payments had already been made and did not check the computation of the monthly billings. In our finding on duplicate charges specifically on two contracts (C50305 and C60114), the contracting officer and DOF were not able to detect double billings totaling about \$60,000, probably due to confusion because the contractor (MacMeekin & Woodworth) had four contracts with the CNMI government involving overlapping periods.

As a result, public funds of about \$1.49 million paid to contractors were questionable. A summary of amounts that should be recovered from the contractors is presented in the following table (**Table 7**).

Particulars	Immediately Recoverable	Recoverable Unless Supported	Amount
1. Duplicate charges	\$73,479.33		\$73,479.33
2. Professional fees charged in excess of agreed upon rate	5,635.58		5,635.58
3. Amounts requested for payments in excess of the contractors’ billed amount	5,046.11		5,046.11
4. Items that are not related to the purpose of the contract	2,935.00		2,935.00
5. Various unsupported expenses		1,400,955.91	1,400,955.91
Total	\$87,096.02	\$1,400,955.91	\$1,488,051.93

Table 7

Conclusion and Recommendations

DOF should ensure that payments to contractors are accurate and in accordance with contract terms. Any overpayments, such as those disclosed by our audit, should be recovered. Accordingly, we recommend that the Secretary of Finance issue a memorandum instructing the DOF - Accounting Section to:

7. Recover the nearly \$1.49 million overpayments by requesting contractors to return the amount overpaid. Of this amount, \$87,096.02 is immediately recoverable and \$1,400,955.91 is recoverable unless adequately supported by the contractors (see **Table 7**). If a contractor refuses to cooperate or repay the funds, the matter should be referred to the Attorney General's Office (AGO) for legal action.
8. Adequately review future billing statements for all contractors before making payments. DOF should not rely solely on the accuracy of billing statements submitted by contractors and requests for payment from contracting officers. Previous payments to contractors should be considered and all computations should be double checked. DOF should reject any request for payment with missing or inadequate supporting documents, to ensure that only legitimate expenses are paid.

Department of Finance Response

The Secretary of Finance issued a memorandum on August 13, 1999 to the Finance and Accounting Director directing her (1) to investigate the \$1.49 million overpayments cited in the report; and (2) to review future billing statements from all professional service contractors to ensure their accuracy.

OPA Comments

We consider Recommendation 7 resolved and Recommendation 8 closed. The additional information or action required to close Recommendation 7 is presented in **Appendix I**.

D. Lack of Procedures to Ensure Necessity of Contracts and Unjustified Contract Terms Substantially Favoring Contractors

No assurance that contracts valued at \$7.76 million were necessary and reasonably priced.

Adequate procurement procedures such as a pre-contract analysis should be in place to ensure the necessity of a contract and the reasonableness of its price. Also, contract terms and conditions should be adequately justified to prevent fraud, waste, and abuse of public funds. Our audit showed, however, that no pre-contract analysis or similar procedures were performed before contract execution, and Contracting Officers of various CNMI agencies approved terms and conditions which substantially favored the contractors and unnecessarily increased the expense of the CNMI government. Specifically, (1) the need for 16 contracts was not analyzed before they were executed; and (2) the justification of the price negotiated with contractors in 40 contracts was not prepared. The Contracting Officers also (3) granted advance payments to contractors at the rate of 20 to 55 percent upon execution of 11 contracts, without any justification; (4) authorized contract amendments which doubled or substantially increased the original amounts of 3 contracts; (5) entered into 27 contracts whose scope of work was not specific or whose contract deliverables depended on what may be required by the Contracting Officers (looking like personal services contracts exceeding Full Time Employee (FTE) ceilings); and (6) allowed the repeated renewals of 23 sole source contracts without competition. This occurred because CNMI Procurement Regulations were inadequate. Also, high level officials appeared to have used the influence of their positions to obtain needed signatures for favored contractors, prior to the contracts being reviewed and documented in accordance with procurement regulations. As a result, the CNMI had no assurance that government contracts valued at \$7.76 million were necessary or were negotiated at a fair and reasonable price.

Necessary Policies to be Included in the CNMI Procurement Rules and Regulations

Adequate procurement rules and regulations should be in place to ensure that necessity and price reasonableness are determined before preparing a contract, and that contract terms and conditions are clearly stated, in compliance with laws and regulations, and adequately justified to prevent fraud, waste, and abuse of public funds. The CNMI-PR do not, however, contain guidelines concerning pre-contract analysis, advance payments, scope of work and deliverables, and contract renewals.

Pre-contract Analysis

To ensure that execution of contracts will not constitute fraud, waste, and abuse of public funds, the CNMI should have specific policies on pre-contract analysis which will ensure that there is a determination of necessity and price reasonableness before a contract is prepared. Among other things, the written policies on pre-contract analysis should state (1) the responsibilities of the officials with expenditure authority and the P&S Director in analyzing the contract before its execution; (2) the documentation required with regards to the determination of the necessity of the contract and the reasonableness of price; and (3) a requirement that contracts over a specific amount, for example, ten thousand dollars (\$10,000) or more, be attested to by a qualified technical person to ensure that the goods or services are actually needed.

To determine the necessity of the contract, the justification should include an explanation of the need for contracting, the purpose of the contract, how the expected outcome would help the office achieve its objectives, assurance that the services do not unnecessarily duplicate any previously performed work or services, and a showing of the nonavailability of resources within and without the agency. For the determination of the reasonableness of price,⁶ no presumption of reasonableness should attach to the incurring of costs by a contractor. The following factors should be used in determining whether costs are justified: cost information in sufficient detail to support and justify the contract; cost information for similar services, with differences noted and explained; and special factors affecting the costs under the contract. For contract amendments, the agency should examine price considerations in the same manner as one would examine them for a basic contract. If the independent Government estimate appears to be defective, other means of comparison, such as a history of contracts with similar requirements, or current market prices, should be used.

Advance Payments

The CNMI should authorize advance payments sparingly; advance payment should be the least preferred method of contract financing, and generally should not be authorized if other forms of financing are reasonably available to the contractor. The written policies⁶ on advance payments should state, among other things, (1) the specific instances when advance payment can be authorized (*e.g.*, when contractor

⁶These same criteria were quoted and recommended by OPA in the previous audit conducted on the Executive Branch's professional services contracts from October 1991 to July 1995 (OPA Report No. AR-97-05, issued on March 20, 1997). In that audit report, we discussed a finding on inadequacies in the CNMI-PR with regards to advance payments, regulating costs, scope of work and deliverables, and contract renewals. We recommended that the former Secretary of Finance develop and implement written policies and procedures regulating these matters. The policies could be patterned after the Federal Acquisition Regulations (FAR). In his response, the former Secretary of Finance stated that final rules and regulations regarding contract monitoring would be included in the revised procurement regulations being developed by the Office of the Attorney General. In the meantime, he would instruct the P&S Director to issue interim policies and procedures regulating this matter, which he expected to be issued by January 31, 1997. To date, however, OPA has not received either interim policies and procedures or revised procurement regulations although an interagency committee is now developing a draft of proposed revised regulations.

fails to qualify as a responsible contractor due to the lack or inadequacy of financial capability, and it is justified under Section 3-104 (titled *Sole Source Procurement* that the contractor is the only available source); (2) the general requirements for granting advance payment, (3) the standards for advance payment determination; and (4) the allowable amount or percentage of advance payments in relation to the contract amount (e.g., not more than 25 percent of the contract price). The general requirements should include the following: (i) the contractor pledges adequate security; (ii) the advance payments will not exceed the unpaid contract price; and (iii) the official with expenditure authority determines, based on written findings, that the advance payment is in the public interest. The standards for advance payment determination are: (i) the advance payments will not exceed the contractor's interim cash needs based on an analysis of the cash flow required for contract performance, consideration of the reimbursement or other payment cycle, and employment of the contractor's own working capital; (ii) the advance payments are necessary to supplement other funds or credit available to a contractor; (iii) the recipient is otherwise qualified as a responsible contractor; and (iv) the Government will benefit from performance prospects, or there are other practical advantages.

Scope of Work and Deliverables

To properly serve as a binding agreement between the CNMI and another party, a contract must provide for certainty of terms. Written policies should be established to ensure that the scope of services is sufficiently specific so that the expected outcome and benefits of the contract are achieved and the contract is enforceable in a court of law. Among other things, the written policies⁶ on the specificity of scope of work and deliverables should state (1) a requirement that purchase descriptions of services outline to the greatest degree practicable the specific services the contractor is expected to perform; (2) what constitutes an adequate purchase description, which should include the essential physical and functional characteristics of the materials or services required; and (3) the actual Government requirement, stating adequately what is to be done or to be delivered to the Government, and that contracts with only general requirements will be disallowed.

Contract Renewals

Written guidelines should be established on recurring and continuing service requirements. The policy⁶ 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, execution of a change order should only be allowed if the additional time to be spent by the contractor was due to an increase, decrease, or change in the scope of work. However, any change order resulting in an increase in contract cost should only be allowed if it is due to unexpected difficulties in implementing the scope of work of the contract or an extension of an unfinished project, and not as a direct result of the contractor's inexperience, inefficiency, or incompetence. However, before simply adding significant new work to existing contracts, the agency should thoroughly

assess whether or not it would be more prudent to seek new competitive proposals. Change orders which exceed 25 percent of the original contract price should automatically be procured through competitive procedures. Also, contractors should not be allowed to continue working beyond the expiration term of an original contract in the absence of an approved new contract or change order. Change orders should be processed using the procedures for processing new contracts. Award of contracts 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 contracts administrator 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. The option provision may be exercised more than once, but the total extension of performance thereunder should not exceed 6 months.

Pre-Contract Analysis not Performed and Executed Contract Terms Substantially Favored the Contractors

Our audit showed that the Contracting Officers of various CNMI agencies had not performed pre-contract analysis, and some contracts included terms and conditions which substantially favored the contractors and unnecessarily increased the expense of the CNMI government. As a result, there was no assurance that government contracts valued at \$7.76 million were necessary or were negotiated at a fair and reasonable price. Detailed discussions of these findings follow.

Necessity and Price not Analyzed Prior to Contracting

Our audit showed that the Contracting Officers of various CNMI agencies had not performed pre-contract analysis. Specifically, (1) the need for contracting in 16 contracts was not analyzed before they were executed; and (2) a justification for the price negotiated with contractors in 40 contracts was not prepared.

Necessity of Contract not Determined

Contracting Officers entered into 16 professional service sole source contracts valued at \$2.17 million (including amendment costs) without providing justification of the need for contracting (see **APPENDIX E**). For example, in at least two contracts (nos. C70075 - JSF Consulting Services and C70220 - Vicente S. Sablan), the Contracting Officers stated in the sole source justifications that “there is a compelling necessity to enter into an independent services contract with . . . (name of contractor),” however, the basis for such compelling necessity was not explained. In contract no. C60190 (Stillwell Communications), the former Executive Assistant to the Governor stated in the sole source justification that he was seeking professional advocacy and consulting services from Stillwell Communications . . . to represent the special interests of his office and the interests of the Commonwealth generally as his representative to specified organizations and as communications advisor to certain

programs that his office would initiate over the course of the next few years. There was no explanation, however, of the need for contracting, the purpose of the contract, or how the expected outcome would help the office achieve its objectives; there was also no statement that the services did not unnecessarily duplicate any previously performed work or services, and that resources within and without the agency were not available.

No Justification of Price Negotiated

Contracting Officers entered into 40 professional service sole source contracts valued at \$4.68 million (including amendment costs) without justification of the contract price negotiated with contractors (see **Appendix E**). For example, one contractor (Applied Business Ethics International) had five contracts with the Office of the Governor totaling \$1.19 million. Three of these contracts (C60323, C70179 and 300082OC) pertained to the transformation of the Department of Labor and Immigration (DOLI), and the other two contracts (C60373 and C70091) pertained to the formulation of philosophy for the administration of the CNMI and various departments. The basis for the prices of the five contracts and change orders was unexplained (see **Table 8** on next page for details of the five contracts).

There was also one contractor (C60258 - H.R. & Associates) whose contract was set at \$24,000 for 1 year. The basis of the contract price was unexplained. After a month, a change order was initiated by the former Executive Assistant to the Governor to change the rate from \$24,000 to \$40,000. The stated reason for the change was “per Governor’s instruction.” Again, the basis of the new contract price was unexplained.

Contract Terms and Conditions Substantially Favored the Contractors

Our audit showed that the Contracting Officers of various CNMI agencies included terms and conditions which substantially favored the contractors at the expense of the CNMI government. Specifically, Contracting Officers (1) granted advance payments to contractors at the rate of 20 to 55 percent upon execution of the 11 contracts, without justification; (2) authorized contract amendments which doubled or substantially increased the original amounts of 3 contracts; (3) entered into 27 contracts whose scope of work was not specific or whose contract deliverables depended on what may be required by the Contracting Officers (resembling personal services contracts exceeding Full Time Employee (FTE) ceilings); and (4) allowed the repeated renewals of 23 sole source contracts without competition.

Contract No.	Effective/Expiry Dates	Amount	Scope of Work
C60323	6/1/96 - 7/15/96 (1 ½ months)	\$67,000.00	To provide consultation services to the Commonwealth for DOLI. The contractor will conduct structured focus groups and interviews with a critical mass of employees from all levels within the Department. Furthermore, to ensure a total grasp of the issues confronting employees, the contractor will conduct additional focus groups with individuals external to DOLI. Specialized techniques will be utilized to interpret the results of the research phase and the findings will be consolidated into a document. These findings will be presented to senior management in an interactive half-day workshop.
CO # 1	up to 7/15/97 (12 months)	<u>32,500.00</u> \$99,500.00	
C70179	12/2/96 - 3/31/97 (4 months)	\$164,000.00	<p>PHASE 1 To perform the following: (1) Finalize draft recommendations of proposed new structure, process legislation and regulations; (2) Select personnel for key positions in the new structure; (3) Design the Candidate Reservoir System (CRS) and begin implementation; and (4) Training of employees in the system of consequences.</p> <p>PHASE 2 To perform the following: (1) Ensure the adequacy of the Department information technology and its congruence with the Department's new streamlined process; (2) Place candidates into appropriate positions using CRS; (3) Align every job focus with role definition and the Definitive Moral Purpose of the DOLI; (4) Finalize proposed legislation and regulation; (5) Prepare DOLI for final implementation of the new structure; (6) Design and implement a Public Relations function for DOLI to interface with the public; (7) Design a communication strategy for the public; and (8) Interact with private enterprises through the Chamber of Commerce to retain their support for the process.</p> <p>PHASE 3 To perform the following: (1) Continue with implementation; (2) Set measurable objectives and monitor progress; (3) Design and implement appropriate solutions to address obstacles and issues that surface during implementation; (4) Launch the communication campaign; (5) Further interactions with the public; (6) Employee focus groups to evaluate the impact of the changes; and (7) Produce a report documenting the process and its outcome.</p>
CO # 1	up to 3/31/97 (no change in period)	124,000.00	
CO # 2	3/31/97 - 6/30/97 (3 months)	<u>150,000.00</u> \$438,000.00	
300082OC	5/1/97 - 9/30/97 (5 months)	\$106,500.00	<p>To perform the following: (1) Investigate current status of transformation and employee morale at the DOLI; (2) Preparing of documentation for OPM for submission; (3) Meeting with senior OPM staff; (4) Analyzing hurdles holding back the LIIDS project, recommending solutions, outlining a scope of work for computer contractors to assist in the next phase, communicating with MSD; (5) Consolidating comments from consultants, legislators and business community regarding the draft CLRA of 1997; (6) Briefing the Governor's legislative legal counsel and redrafting the draft CLRA; (7) Meeting with the Chamber of Commerce to brief them on the current status of the draft legislation and to discuss their issues; and (8) Liaison with CNMI lawyers and the Department on legislation matters.</p> <p>To perform the following: (1) Draft proposal for Office of the Personnel Management (OPM) to approve DOLI restructure and job specifications for all positions in DOLI; (2) Meet with OPM officials on the new structure and job specifications; (3) Reconcile the Office of Management & Budget (OMB) salaries and DOLI salaries; (4) Meet with OMB and DOLI's personnel on the new budget; (5) Draft budget for the proposed restructure of DOLI; (6) Meet with OMB officials to review the budget proposals and finalize; and (7) Conduct mini workshop sessions with DOLI management to monitor their progress and refocus them.</p> <p>To perform the following: (1) Meet with the Governor's and DOLI's legal counsel to review and finalize the CLRA; (2) Meet with legislative counsels to review the differences between the Administration's and Legislature's drafts of CLRA; (3) Meet with Saipan Chamber of Commerce and other individuals from the private sector to apprise them of the thinking behind the CLRA; (4) Gather comment and input from the private sector and senior DOLI personnel for consideration to include in the CLRA; and (5) Meet with members of the Legislature on CLRA.</p>
CO # 1	8/20/97 - 9/30/97 (1 ½ months)	90,500.00	
CO # 2	9/22/97 - 9/30/97 (9 days)	<u>60,500.00</u> \$257,500.00	
C60373	8/11 - 9/4/96 (25 days)	\$170,000.00	To provide consultation services to CNMI. To assist leadership of the Administration of the NMI to formulate an over-achieving philosophy of Government together with the strategic and ethical implications for its leadership. The concept of philosophy will then be cascaded into various departments and policies & practices will be modified accordingly.
C70091	10/8/96 - 10/30/96 (23 days)	\$182,000.00	To provide consultation services to CNMI. To assist leadership of the Administration of CNMI to infuse a sense of philosophy formulated in the previous contract project into the various departments of the Administration.
CO # 1	11/1/96 - 11/9/96 (9 days)	<u>43,500.00</u> \$225,500.00	
TOTAL CONTRACT AMOUNT		\$1,190,500.00	
TOTAL PAYMENTS		\$1,104,998.90	

Table 8 - Details of Contracts of Applied Business Ethics International

Advance Payments Granted

Contracting Officers granted advance payments to contractors at the rate of 20 to 55 percent upon execution of the 11 contracts, without justification. There was no documentation that the advance payments were in the public interest. The details of these contracts are presented in **Table 9**.

Contract No.	Contracting Agency/ Contractor	Effective/ Expiry Dates	Contract Amount	Advance Payment	Advance Payment %
C60323	Gov. Office Applied Business Ethics, Int'l (ABEI)	6/1/96 - 7/15/96	\$67,000	\$37,000 is payable upon contract signing.	55
C70091	Gov. Office ABEI	10/8/96 - 10/30/96	182,000	\$45,500 is payable upon contract signing.	25
C70179	Gov. Office ABEI	12/2/96 - 3/31/97	164,000	\$41,000 is payable upon contract signing.	25
300082-OC	Gov. Office ABEI	5/1/97 - 9/30/97	106,500	\$26,625 is payable upon contract signing.	25
C70360	DOF Comnet International	4/1/97 - 9/30/97	85,449	\$21,362 is payable upon contract signing.	25
C70172	Dept. of Community & Cul. Affairs Research, Evaluation, & Grant Ser.	10/1/96 - 9/30/97	17,160	\$3,432 shall be paid as initial payment.	20
C60025	Commonwealth Health Center Double M Limited	11/15/95 - 11/14/96	488,000	\$122,000 is payable on the effective date of the contract.	25
C60364	Gov. Office Hay Management Consultants	6/1/96 - 8/31/96	178,000	\$89,000 is payable upon contract signing.	50
C60331	DOF Magic Software Phils, Inc..	7/1/96 - 10/30/96	117,931	\$35,379 is payable upon contract signing.	30
C70180	Gov. Office Phoenix International Consultants	11/1/96 - 1/31/97	30,000	\$10,000 is payable upon contract signing.	33
C70149	Gov. Office The Lee Solters Co.	7/1/96 - 12/31/96	75,000	\$25,000 is payable upon contract signing.	33
TOTAL			\$1,511,040	\$456,298	30% Average

Table 9

Contracts With Amendments Significantly Increasing Contract Prices

Contracting Officers authorized contract amendments which doubled or substantially increased the original amounts of 3 contracts from \$444,000 to \$985,000 without providing adequate justification for the increased level of compensation (see **Appendix E**). In one contract (C50388 - Preston Gates Ellis & Rouvelas Meeds), for example, the original contract provided that the professional fee would be \$360,000 for one year. However, the contract was subsequently renewed for another three months for an additional \$500,000. In another contract (C70096/304827 - Cahn & Associates, Inc.), the original contract provided that the professional fee would be \$60,000 for one year. However, the contract was subsequently renewed for another three months for an additional \$25,000.

Contracts Whose Scope of Work and Deliverables Were Not Specific

Contracting Officers entered into 27 contracts valued at \$2.51 million whose scope of work was not specific or whose contract deliverables depended on what might be required by the Contracting Officers (see **Appendix E**). Most of the 27 contracts had deliverables which were uniformly or equivalently 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 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 depended on what might 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 contracts had very vague provisions for the scope of work. The scope of work requirement was only “to provide legal advice and consulting services.” The specific areas of need for the legal or consulting services were not explained in the contract. As a result, it was 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, to be a Government employee, *i.e.*, hired under 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.

Contracts Repeatedly Renewed Without Competition

Contracting Officers authorized the repeated renewals of 23 sole source contracts through contract amendments without competition from other vendors. Total renewal costs of these contracts amounted to \$1.71 million (see **Appendix E**). Amendments involved extending contract terms for the same type of service. In one contract, for example (C60129 - Gregorio S. Calvo), three renewals were executed to extend the contract term for another six, three, and three months for \$27,000, \$13,500, and \$13,500, respectively. At least 11 contracts represented renewal of services of the contractors for another year or more. There was no documentation which showed that extensions were due to an increase or change in the scope of work, unexpected difficulties in implementing the scope of work of the contract, or a need for more time to finish the project.

CNMI-PR Inadequate

This occurred because CNMI Procurement Regulations were inadequate. There was a lack of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals. Also, high level officials appeared to have used the influence of their positions to obtain needed signatures for favored contractors, prior to the contracts being reviewed and documented in accordance with procurement regulations. As a result, the CNMI had no assurance that government contracts valued at \$7.76 million were necessary or were negotiated at a fair and reasonable price.

Conclusion and Recommendation

Because of the lack of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals, the contractors may have been granted unduly favorable treatment at the expense of public funds. Accordingly, we recommend that the Secretary of Finance:

9. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals. In developing such policies, the Secretary should be guided by our discussion of the necessary policies to be included in the CNMI Procurement Rules and Regulations on pages 28 to 31 of this report.

Department of Finance Response

The Secretary of Finance stated that policies which would require pre-contract analysis, limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring development and implementation of written policies and procedures that require pre-contract analysis, limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.

OPA Comments

We consider Recommendation 9 resolved. The additional information and action required to close the recommendation is presented in **Appendix I**.

Appendix A

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LIST OF PROFESSIONAL SERVICES CONTRACTS FROM OCTOBER 1, 1995 TO MAY 4, 1998

Summary of Contracts:

Method of Procurement	Fiscal Year 1996		Fiscal Year 1997		10/1/97-1/10/98		1/11/98-5/4/98		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	%
I. Sole Source	67	4,837,323	72	9,227,573	26	611,268	6	298,499	171	14,974,663	63.58
II. Expedited/Emergency	1	952,083	5	228,785	1	426,209	0	0	7	1,607,077	6.82
III. Small Purchases	1	5,400	2	8,928	1	11,280	0	0	4	25,608	0.11
Subtotal - not competitively procured	69	5,794,806	79	9,465,286	28	1,048,757	6	298,499	182	16,607,348	70.51
IV. Proposals/Biddings	17	1,871,162	25	1,654,059	28	3,374,579	1	46,090	71	6,945,890	29.49
	86	7,665,968	104	11,119,345	56	4,423,336	7	344,589	253	23,553,238	100.00

Notes:

1. The information in APPENDIX A was extracted from data base files of contracts maintained by P & S from October 1, 1995 to May 4, 1998. Review of these 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 48 contracts and 79 amendments costing about \$14 million) were verified for accuracy.
2. Pages 2 to 14 of Appendix A contain detailed information of contracts summarized on page 1.
3. Page 15 of Appendix A contains definition of acronyms used throughout Appendix A.

LIST OF PROFESSIONAL SERVICES CONTRACTS FROM OCTOBER 1, 1995 TO MAY 4, 1998

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1996							
I. Sole Source							
1	C60322	GOV	Alicia DIG. Tomokane	8,125.00	Pending Land Exchange	Sole Source	06/24/96 08/31/96
2	C60291	GOV	Alphonse E. Zanoni	30,000.00	Consultant on Water, Sewer & Utilities Project	Sole Source	06/15/96 09/15/96
3	C60157	LT. GOV	Amado R. Espino	1,440.00	Custodian	Renewal	01/01/96 09/30/96
4	C60299	DOF	Antonia M. Apatang dba The Manpower Shop	40,000.00	Transcriber Services	Sole Source	05/01/96 06/30/97
5	C60323	GOV	Applied Business Ethics International (ABEI)	67,000.00	Consultation on Strategic Leadership Ethics	Sole Source	06/01/96 07/15/96
	C60323	GOV	ABEI	32,500.00	Same as above	Change Order No. 1	07/15/97
6	C60373	GOV	ABEI	170,000.00	Same as above	Sole Source	08/11/96 09/04/96
	C50242	GOV	Arnold H. Leibowitz	25,000.00	Consulting Services	Change Order No. 2	01/31/96 06/30/96
	C50242	GOV	Arnold H. Leibowitz	9,871.57	Consulting Services	Change Order No. 3	06/30/96 09/30/96
7	C60123	GOV	B.Y. T. Consulting Services	60,000.00	902 Representation	Sole Source	10/01/95 09/30/96
8	C60060	OMB	B.Y.T. Consulting Services	50,000.00	Federal Strategy & Local Reforms	Sole Source	10/01/95 02/28/96
	C60060	OMB	B.Y.T. Consulting Services	30,000.00	Federal Strategy & Local Reforms	Change Order No. 1	05/31/96
	C60060	OMB	B.Y.T. Consulting Services	40,000.00	Federal Strategy & Local Reforms	Change Order No. 2	05/31/96 09/30/96
9		CHC	Barbara Peonio	24,000.00	Financial & Information Management Services Consultancy	Sole Source	07/01/96 12/31/96
	C50332	GOV	Cahn & Associates, Inc.	0.00	Labor Code Revision	Change Order No. 1	06/20/96 12/20/96
10	C50421	CHC	Cristina C. Hemphill	9,850.02	Clinical Management Consultant	Change Order No. 2	06/30/96 09/30/96
	C50421	CHC	Cristina C. Hemphill	0.00	Clinical Management Consultant	Change Order No. 1	03/05/96 05/05/96
	C50216	DPW	Daniel N. Troxel DBA D's Signal Maint.	14,488	Maint./Engineering of Traffic Signal Light System	Change Order No. 1	
11	C50365	DOF	Data Management Resources	18,000.00	Tax System Business Re-Engineering	Change Order No. 1	
	C50365	DOF	Data Management Resources	16,000.00	Same as above	Change Order No. 2	
12	C60142	SMO	David A. Wiseman	20,000.00	Legal Services to the Mayor's Office of Saipan	Sole Source	10/01/95 09/30/96
13	C60295	CRMO	David R. Omar	7,800.00	Carolinian Language Translator / Developer Public Educ.	Sole Source	05/01/96 07/31/96
14	C60053	TMO	DC Consulting Services	45,000.00	Consulting Services	Sole Source	10/01/95 09/30/95
15		DLNR	Dept. of Agriculture, Guam	25,000.00	Mating Compatibility Experience	Sole Source	03/01/96 03/01/97
16	C60172	TMO	Don A. Farrell	11,250.00	Consultant to the Mayor of Tinian	Sole Source	01/15/96 03/14/96
17	C60025	CHC	Double M Limited	488,000.00	Professional Nurses	Change Order No. 1	11/15/95 11/14/96
	C60025	CHC	Double M Limited	358,000.00	Professional Nurses	Change Order No. 2	01/15/96 01/15/97
	C60025	CHC	Double M Limited	30,000.00	Professional Nurses	Change Order No. 3	09/14/96
18	C60308	DCCA	Dr. Ala Hamid Taha, M.D.	8,000.00	Psychiatric Evaluation & Psychotherapeutic Services	Sole Source	06/25/96 09/30/96
	C50186	CHC	Dr. Dudley S.J. Seto, M.D.	119.80	Physician Director & Consultancy Services for End-Stage	Change Order No. 1	
19	C50440	DLNR	Dr. Eugene R. Clothier, D.V.M.	30,000.00	CNMI Veterinarian	Change Order No. 2	07/31/96 01/31/97
20	C60256	DCCA	Dr. Glynn Barratt	7,500.00	Translation Pertinent Portion Volume li Louis De Freycint	Sole Source	04/30/96 01/15/97
21	C60139	DCCA	Dr. Janet Mcclough, Phd.	17,700.00	Psycho. Evaluation, Counseling & Staff Training	Sole Source	10/01/95 09/30/96
22	C60194	OVR	Dr. Vicente Aldan	5,000.00	Medical Consultation	Sole Source	03/01/96 09/30/96
23	C60034	GOV	EDR & Associates	42,000.00	Education & Special Projects	Sole Source	10/01/95 09/30/96
24	C70043	LT. GOV	Eileen R. Dilay	6,600.00	Verifying Clerk	Sole Source	08/15/96 08/15/97
25	C50168	GOV	Elizabeth D. Rechebei	2,254.04	Consultant	Change Order No. 1	
26	C70047	LT. GOV	Emilo A. Tan	7,800.00	Medical Referral Assistant	Sole Source	08/22/96 08/22/97
27	C60300	GOV	Gaskins And Associates	12,000.00	Master Rel. to Protocol, Etiquette, Women Issues, Art	Sole Source	04/01/96 03/31/97

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**LIST OF PROFESSIONAL SERVICES CONTRACTS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
28	C70045	LT. GOV	Grace S. Reyes	10,200.00 Utilization Reviewer	Sole Source	08/01/96	08/01/97
29	C60129	CHC	Gregorio S. Calvo	27,000.00 Hospital Management Consulting	Change Order No. 1	01/16/96	7/16/96
	C60129	CHC	Gregorio S. Calvo	13,500.00 Hospital Management Consulting	Change Order No. 2	07/16/96	10/15/96
30	C60258	GOV	H.R. & Associates	24,000.00 Mgmt Consultant & External Legislative Liaison	Sole Source	03/12/96	03/12/97
	C60258	GOV	H.R. & Associates	16,000.00 Mgmt Consultant & External Legislative Liaison	Change Order No. 1	03/12/96	03/12/97
31	C60364	GOV	Hay Management Consultants	178,000.00 Wage Review Study	Sole Source	06/01/96	08/31/96
32		CHC	Herbert Michael Yamada, Jr.	2,000.00 Subs. Abuse & Mental Health Program Expansion	Sole Source	07/03/96	12/31/96
33	C60131	DOF	Int'l Game Technology	18,295.50 Gaming Machine Security & Accounting System	Sole Source	01/15/96	01/14/97
	C40276	OMB	Int'l Mngmt Ltd.	0.00 Review, Assess & Document Policies & Procedures	Change Order No. 1		
34	C60213	DPW	J.P. Consulting Services	39,000.00 Privatization Strategy	Sole Source	02/01/96	08/31/96
35	C60191	Rev&Tax	Jacqueline B. Manasterli	3,000.00 Revenue & Taxation Tax Consulting Contract	Sole Source	04/01/96	09/30/96
36	C60115	AGO	John T. Quinn	10,000.00 Consulting Services	Sole Source		
37	C60154	LT. GOV	Jonathan S. Paras	9,000.00 Staff Assistant	Renewal	01/01/96	09/30/96
	C50294	GOV	Joyce E. Lignell	4,925.79 CNMI Labor & Imm. Ident. & Docu. System	Change Order No. 2		
	C50294	GOV	Joyce E. Lignell	8,000.00 Same as above	Change Order No. 1		
	C50294	GOV	Joyce E. Lignell	9,994.12 Same as above	Change Order No. 4		
38	C60033	GOV	JSF Consulting Services	39,996.00 Consulting Services	Sole Source	10/01/95	09/30/96
39		DOF	Kathleen A. Munson DbA Kam Ed. Services	10,000.00 Professional Services	Sole Source		
	C50203	CHC	Lasco Manpower Services	0.00 Professional Nurses Services	Change Order No. 1		
	C50203	CHC	Lasco Manpower Services	125,000.00 Same as above	Change Order No. 2	02/02/96	08/01/96
40	C60192	DLNR	Lauro T. Manacop DbA Gtm Enterprises	21,698.60 Manpower Services	Sole Source	02/22/96	11/22/96
	C60192	DLNR	Lauro T. Manacop DbA Gtm Enterprises	0.00 Manpower Services	Change Order No. 1	10/16/95	07/16/96
41	C60156	LT. GOV	Luzveminda G. Padilla	27,000.00 Liaison Officer	Renewal	01/01/96	09/30/96
42	C70051	LT. GOV	Ma. Theresa M. Flores	21,600.00 Deputy Liaison Officer	Sole Source	08/16/96	08/15/97
	C50305	LT. GOV	MacMeekin & Woodworth	94,900.00 Legal Counsel	Change Order No. 1	04/15/96	04/14/97
43	C60114	LT. GOV	MacMeekin & Woodworth	64,449.81 Legal Services-Fisheries	Sole Source	10/01/95	09/30/96
44	C60330	DOF	Magic Software Philippines, Inc.	88,000.00 Gov't. Health Insurance Claims Processing	Sole Source	06/17/96	09/30/96
	C60330	DOF	Magic Software Philippines, Inc.	193,628.16 Same as above	Change Order No. 1	09/30/96	09/30/97
45	C60331	DOF	Magic Software Philippines, Inc.	117,931.00 Phase 1-GHI Claims Process Phase 2-Life Ins. Admin.	Sole Source	07/01/96	10/30/96
	C50208	GOV	Manuel Lujan, Jr.	0.00 Consultant Services	Change Order No. 1		
46	C50011	GOV	Maria Theresa M. Flores	18,000.00 Deputy Liaison Officer	Change Order No. 1		10/09/96
47	C60221	GOV	MBG Mngmt Inc.	100,170.00 Design, Dev., Implement., Drug Alcohol Free Workplace	Sole Source	04/05/96	02/28/97
48	C70050	GOV	Michael B. Quiambao	2,450.00 General Support Laborer	Sole Source	09/15/96	03/31/97
49	C60102	JKPL	Michael Paul Condon	28,000.00 Joeten-Kiyu Public Library Info. Technology Project	Sole Source	01/02/96	07/31/96
	C60102	JKPL	Michael Paul Condon	48,000.00 Same as above	Change Order No. 1	08/01/96	07/31/97
50	C60193	GOV	Miller, Nash, Wiener, Hager & Carlsen	25,000.00 Evaluation of the Office of the Attorney General	Sole Source	03/01/96	
	C60155	LT. GOV	Ophelia G. Ramos	4,050.00 Executive Secretary	Renewal	01/01/96	09/30/96
	C50074	GOV	PAC Enterprises	7,200.00 Domestic & Custodial Services	Change Order No. 4		
51		CHC	Percelleia A. Castro Boddy	2,000.00 Substance Abuse & Mental Health Program Expansion	Sole Source	07/03/96	12/31/96
52	C60334	GOV	Pete A. Tenorio	36,000.00 Consultant Legis. Matters, Econ. Dev. Federal-CNMI	Sole Source	08/01/96	07/31/97

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Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
C50388	GOV	Preston Gates Ellis & Rouvelas Meeds	500,000.00	Legal Service Agreement	Change Order No. 1	06/30/96	09/30/96
53	C60266	CHC	Renal Treatment Center-Hawaii, Inc.	83,000.00	Physician Director & Consultation Services	Sole Source	03/01/96 02/28/98
54	C60100	DPS	Richard Snyder	7,500.00	CNMI Financial Management Training	Sole Source	01/15/96 01/19/96
55	C60083	GOV	Richmond H. Lough	12,150.00	Phase 1 LIIDS	Sole Source	11/08/95 12/19/95
56	C60297	DOLI	Richmond H. Lough	15,120.00	Same as above	Sole Source	05/01/96 06/28/96
	C60297	DOLI	Richmond H. Lough	8,000.00	CNMI (LIIDS)	Change Order No. 1	05/01/96 06/28/96
57		DPH	Rick E. Pullen	3,573.40	Computer Systems Analysis	Sole Source	
58	C60051	EMO	Robert Y. Koyanagi & George Kojima	16,000.00	CNMI Seismic Study	Sole Source	11/06/95 11/12/95
	C60051	EMO	Robert Y. Koyanagi & George Kojima	3,000.00	CNMI Seismic Study	Change Order No. 1	
59	C60220	GOV	San Diego State University Foundation	19,489.00	State Vocational Rehabilitation Unit In-Service Training	Sole Source	09/01/96 08/30/96
60	C60063	CHC	SEAS, Inc.	594,000.00	Professional Nurse	Sole Source	10/01/95 10/01/96
	C60063	CHC	SEAS, Inc.	22,590.00	Professional Nurse	Change Order No. 1	11/16/95 04/14/96
	C60063	CHC	SEAS, Inc.	22,590.00	Professional Nurse	Change Order No. 2	05/17/96 11/16/96
	C40111	GOV	Stillwell Communications	18,750.00	Consulting Services	Change Order No. 3	10/01/95 12/31/95
61	C60190	GOV	Stillwell Communications	54,000.00	Consulting Services	Sole Source	01/01/96 09/30/96
62	C60355	DOF	Stillwell Communications	35,000.00	Consulting Services	Sole Source	04/01/96 10/31/96
63	C50412	CHC	Straub Clinic & Hospital, Inc.	0.00	Mammography Reading for CHC	Change Order No. 1	12/31/95 09/30/96
64	C60128	CHC	The Doctor's Clinic-Dr. Sylvia Rouzaud	15,833.34	Family Practitioner Coverage	Change Order No. 2	
	C60128	CHC	The Doctor's Clinic-Dr. Sylvia Rouzaud	23,750.00	Family Practitioner Coverage	Change Order No. 1	
65	C70149	GOV	The Lee Solters Company	75,000.00	Public Relations Representation	Sole Source	07/01/96 12/31/96
66	C50217	LT. GOV	Tropical Plaza, Ltd.	4,690.00	Design/Build Landscapes	Change Order No. 1	
67	C60116	DOLI	Tzu-Ming Sheu	35,000.00	Investigator & Chinese Translator	Sole Source	12/11/95 12/10/96
	C60196	GOV	Verner, Lipfert, Bernhard, McPherson & Hand	50,000.00	Legal Services, Immig. & Labor Issues & Rep.	Change Order No. 2	06/30/96 06/30/97
Total - Sole Source			<u>4,837,323.15</u>	67 contracts			
II. Expedited/Emergency							
	C50295	CHC	Paras Manpower Agency	945,177.60	Manpower Services for Professional Nurses	Change Order No. 1	10/14/95 05/14/96
	C50295	CHC	Paras Manpower Agency	(195,198.60)	Same as above	Change Order No. 2	10/15/95 05/14/96
	C50295	CHC	Paras Manpower Agency	155,657.25	Same as above	Change Order No. 4	
	C60023	CHC	Paras Manpower Agency	45,000.00	Same as above	Change Order No. 3	09/30/96
1	C50414/ L60064	CHC	Physician Placement Agency	1,447.00	Physician Placement Specialist	Change Order No. 3	
Total - Expedited/Emergency			<u>952,083.25</u>	1 Contract			
III. Small Purchases							
1	C60014	DCCA	Ray's Lawn Care & Maintenance Inc.	5,400.00	Janitorial Services	Small Purchases	10/01/95 09/30/95
IV. Proposals/Biddings							
	C50296	DCCA	Center for Archaeological Investigation	0.00	Archaeological Survey of Rota	Change Order No. 3	09/30/96 09/15/97
1	C60124	CHC	Clinical Laboratories of the CNMI	0.00	Laboratory Services Agreement	RFP95-0092	
2	C60277	DOC	Commonwealth Video Productions	6,400.00	Secretary of Commerce Video Production	Change Order No. 1	

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**LIST OF PROFESSIONAL SERVICES CONTRACTS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
3	C70026	DOLI	Computerland	26,760.00	Network Cabling for LIIDS Computer System	RFP96-0144	09/24/96 10/31/96
4	C50377	CHC	Deloitte & Touche	0.00	Consulting Services to Procure & Implementation Fin. & Clinical	Change Order No. 1	
5	C60059	OPA	Deloitte & Touche	429,000.00	Single Audit of the CNMI Gov't Fiscal Years Ended '95 - '97	RFP95-0110	11/01/95 01/31/98
6	C60006	DOF	IBM Corporation	757,464.00	CNMI Tax System Modernization Project	RFP95-0121	10/01/95 09/30/96
	C60006	DOF	IBM Corporation	207,928.00	Same as above	Change Order No. 1	
	C50037	CHC	Island Security Services Inc.	4,024.64	CHC Security Services	Change Order No. 1	
7	C60027	CHC	Island Security Services Inc.	131,188.20	CHC Security Services	RFP95-0098	10/01/95 09/30/96
8	C60121	DCCA	Joanne Eakin	34,000.00	Consulting Archaeologist	RFP95-0111	01/01/96 12/30/96
	C60121	DCCA	Joanne Eakin	0.00	Consulting Archaeologist	Change Order No. 1	
9	C50339	DOF	Joaquin Q. Castro-DBA JQC Collection Services	0.00	CHC Collection Services	Change Order No. 1	
10	C60026	CHC	Marianas Cleaners	118,080.00	CHC Laundry Services	RFP95-0098	10/01/95 09/30/95
11	L60064	CHC	Physician Placement Agency	5,112.50	Physician Placement Specialist	Change Order No. 2	
12	C60007	DCCA	R & M Enterprises	26,400.00	Coupon Printer Agent	IFB95-0058	
13	C60281	OMB	Ray's Lawn Care & Maintenance Inc.	8,400.00	Janitorial Services for OMB	IFB96-0064	05/01/96 04/30/96
	C60281	OMB	Ray's Lawn Care & Maintenance Inc.	600.00	Janitorial Services for OMB	Change Order No. 1	05/01/96 04/30/97
14	C60215	DCCA	Research, Evaluation & Grants Services	16,000.00	Implement. Consultant (CNMI) State Plan Child & Family	RFP	03/01/96 09/30/96
15	C60272	CRMO	Resources Northwest Inc.	63,800.00	Habitat Conservation Plan for the Island of Rota	RFP96-0023	
16	C60008	DCCA	S & A Enterprises	4.00	Coupon Issuance Agent	IFB95-0058	
17	C60009	DCCA	Union Bank of California	36,000.00	NAP Coupon Redemption	IFB95-0058	
			Total - Proposals/Biddings	<u>1,871,161.34</u>	17 Contracts		
			Total - Fiscal Year 1996	<u>7,665,967.74</u>	86 Contracts		

LIST OF PROFESSIONAL SERVICES CONTRACTS FROM OCTOBER 1, 1995 TO MAY 4, 1998

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1997							
I. Sole Source							
1	C70252	DOC	Allen Perez	24,000.00	Computer Training & Consulting Services	Sole Source	01/01/97 07/01/97
	C70252	DOC	Allen Perez	6,000.00	Same as above	Change Order No. 1	07/01/97 09/30/97
	C70252	DOC	Allen Perez	24,000.00	Same as above	Change Order No. 2	07/01/97 9-30-97
2	C70049	LT. GOV	Amado B. Espino	6,600.00	Verifying Clerk	Sole Source	10/01/96 09/30/97
3	300181	DCCA	American Correctional Association	12,412.00	Juvenile Line Worker-Training for 24 Staff	Sole Source	06/03/97 09/30/97
4	301219	NIMO	Angyuta Shipping Company Ltd.	9,000.00	The CNMI Northern Island Government Field-Trip	Sole Source	08/10/97 08/13/97
5		NIMO	Angyuta Shipping Company Ltd.	21,000.00	Same as above	Sole Source	09/21/97 09/27/97
6	300082	GOV	Applied Business Ethics International (ABEI)	106,500.00	Consultation on Strategic Leadership Ethics	Sole Source	05/01/97 09/30/97
	300082	GOV	ABEI	90,500.00	Same as above	Change Order No. 1	08/20/97 09/30/97
	300082	GOV	ABEI	60,500.00	Same as above	Change Order No. 2	09/22/97 09/30/97
7	C70091	GOV	ABEI	182,000.00	Same as above	Sole Source	10/08/96 10/30/96
	C70091	GOV	ABEI	43,500.00	Same as above	Change Order No. 1	11/01/96 11/09/96
8	C70179	GOV	ABEI	164,000.00	Same as above	Sole Source	12/02/96 03/31/97
	C70179	GOV	ABEI	124,000.00	Same as above	Change Order No. 1	03/31/97
	C70179	GOV	ABEI	150,000.00	Same as above	Change Order No. 2	03/31/97 06/30/97
9	C70056	GOV	Arnold H. Leibowitz	50,000.00	U.S. Immigration & Naturalization Laws	Sole Source	10/01/96 09/30/97
	C60123	GOV	B.Y.T. Consulting Services	30,000.00	Same as above	Change Order No. 1	10/01/96 03/31/97
	C60123	GOV	B.Y.T. Consulting Services	45,000.00	902 Representation	Change Order No. 2	04/01/97 12/31/97
10	C70123	GOV/OMB	B.Y.T. Consulting Services	120,000.00	Federal Strategy and Local Reforms	Sole Source	10/01/96 09/30/97
11	300086	DCCA	Barbara A. Maslin, M.A.	4,000.00	Same as above	Sole Source	05/01/97 09/30/97
	300086	DCCA	Barbara A. Maslin M.A.	3,200.00	Counseling & Therapeutic Services for DYS Clients	Change Order No. 2	09/30/97 09/30/97
	C60317	CHC	Barbara Peonio	9,000.00	Financial & Information Management Services Consultancy	Change Order No. 1	01/01/97 08/31/97
12	C70230	GOV/PIO	Bruce Lloyd Media Services	18,000.00	Media & Public Relations	Sole Source	11/13/96 05/12/97
	C70230	GOV/PIO	Bruce Lloyd Media Services	25,000.00	Same as above	Change Order No. 1	05/12/97 09/30/97
	C70230	GOV	Bruce Lloyd Media Services	15,000.00	Same as above	Change Order No. 2	05/12/97 12/31/97
	C40276	OMB	Int'l Mngmt Ltd.	12,000.00	Review, Assess & Document Policies/Procedures	Change Order No. 2	10/07/96 12/31/98
13	C70300	DOF	Int'l Mngmt Ltd.	36,000.00	Certified Public Accountant Services	Sole Source	03/01/97 09/30/97
14	C60376	GOV	C. Sebastian Aloat	180,000.00	Legal & Policy Advice/Guidance/Representation	Sole Source	9/1/96 8/31/97
	C60376	GOV	C. Sebastian Aloat	0.00	Same as above	Change Order No.1	10/01/96 09/30/97
	C60376	GOV	C. Sebastian Aloat	38,081.11	Same as above	Change Order No.2	8/8/97
	C50332	GOV	Cahn & Associates, Inc.	0.00	Labor Code Revision	Change Order No. 2	12/20/96 06/20/97
15	C70096	GOV	Cahn & Associates, Inc.	60,000.00	Legal and Consulting Services	Sole Source	10/01/96 09/30/97
16	C70222	GOV	Cahn & Associates, Inc.	36,000.00	Consultation of Personnel Management & Administration	Sole Source	10/01/96 09/30/97
17	C70407	DPW	Cartegraph System Inc.	12,905.95	Asset Management & Inventory Software	Sole Source	02/26/97 02/25/98
18	C70154	TMO	CNK Consulting Services	45,000.00	Consulting Services	Sole Source	10/01/96 09/30/97
19	C70360	DOF	Comnet International Inc.	85,449.00	Hospital Billing/Claims Backfile Conversion	Sole Source	04/01/97 09/30/97
20	C70294	DPW	Daniel N. Troxel Dba D's Signal Maint.	39,999.96	Eng. Consultant Traffic Signal Lights System	Sole Source	01/01/97 12/31/97
	C50365	DOF	Data Management Resources	53,400.00	Tax System Business Process Re-Engineering Study	Change Order No. 3	06/01/97

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**LIST OF PROFESSIONAL SERVICES CONTRACTS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
21	301948	SMC	David A. Wiseman	30,000.00	Legal Services of the 4 Spn/N.I. Municipal Council	Sole Source	10/01/96 09/30/97
	C60142	SMO	David A. Wiseman	15,000.00	Legal Services to the Mayor's Office	Change Order No. 2	10/01/96 09/30/97
22	C70097	TMO	DC Consulting Services	45,000.00	Consulting Services	Sole Source	10/01/96 09/30/97
23	C60352	GOV	Dino & Letty Rec & Manpo	8,000.00	Custodial & Domestic Services	Change Order No. 1	08/31/97 01/12/98
24	C70227	DOF	DNA Consulting Services	5,000.00	Position Audit Report - Customs Division	Sole Source	01/29/97 03/15/97
	C70137	TMO	Don A. Farrell	45,000.00	Consultant Services	Change Order No. 1	10/01/96 09/30/97
	C60025	CHC	Double M Limited	9,848.44	Professional Nurse	Change Order No. 4	
25	C70105	RHC	Double M Limited	1,128,752.62	Professional Nurses for Rota Health Center	Sole Source	11/15/96 11/14/99
26	C70106	THC	Double M Limited	486,588.38	Professional Nurses for Tinian Health Center	Sole Source	11/15/96 11/14/99
	C70106	THC	Double M Limited	397,215.00	Professional Nurses	Change Order No. 1	01/15/97 12/14/00
	C70106	THC	Double M Limited	357,493.50	Professional Nurse	Change Order No. 2	03/15/97 03/14/00
27	C50440	DLNR	Dr. Eugene R. Clothier, D.V.M.	30,000.00	Same as above	Change Order No. 3	02/01/97 07/31/97
	C50440	DLNR	Dr. Eugene R. Clothier, D.V.M.	10,000.00	Same as above	Change Order No. 4	08/01/97 09/30/97
	C50440	DLNR	Dr. Eugene R. Clothier, D.V.M.	20,000.00	Veterinary Service	Change Order No. 5	09/30/97 01/30/98
	C60256	DCCA	Dr. Glynn Barratt	3,000.00	Translation of Pertinent Portions of Volume li Louis	Change Order No. 1	01/15/97 03/31/97
28	C70176	DCCA	Dr. Janet Mcclough, Phd.	20,000.00	Psychological Evaluation Counseling & Staff Training	Sole Source	10/01/96 09/30/97
29	300238	DCCA	Dr. Pius Mao Pailug	49,006.00	Restoration & Preservation of Canoe Building Project	Sole Source	07/09/97 09/01/97
	C60194	OV	Dr. Vicente Aldan	5,000.00	Medical Consultation	Change Order No. 1	10/01/96 09/30/97
30	C70201	DOC	Economic Service Counsel	4,800.00	Economic Consulting & Project Feasibility Analysis	Sole Source	01/01/97 12/31/97
31	C70055	GOV	EDR & Associates	42,000.00	Education & Special Projects	Sole Source	10/01/96 09/30/97
	C70043	GOV	Eileen R. Dilay	825.00	Verifying Clerk	Change Order No. 1	08/15/97 09/30/97
	C70047	GOV	Emilio A. Tan	838.73	Medical Referral Assistant	Change Order No. 1	08/22/97 09/30/97
32	300132	CHC	FHP Health Care	5,500.00	Serv. Provided Drug Testing for Methamphetamine Research	Sole Source	07/01/97 07/31/97
33	300533	CHC	Gamma Corporation	9,000.00	Medical/Health Physicist for CHC	Sole Source	03/01/97 02/28/98
34	C70247	CJPA	Grace Christian Ministries	40,000.00	Family Violence Task Force Shelter	Sole Source	02/18/97 02/18/98
	C70045	GOV	Grace S. Reyes	1,700.00	Utilization Reviewer	Change Order No.1	08/01/97 09/30/97
	C60129	CHC	Gregorio S. Calvo	13,500.00	Hospital Management Consulting	Change Order No.3	10/16/96 01/15/97
35	C70285	GOV	H.R. & Associates	41,666.70	Management Consultant & External Legislative Liaison	Sole Source	03/13/97 01/13/98
36	C70328	GOV	Hay Management Consultant	405,000.00	Wage Review Study	Sole Source	01/01/97 09/30/97
37	C70417	DLNR	International Networks Inc.(Pete W.Onni)	50,000.00	The Brown Tree Snake Detection & Interdiction Program	Sole Source	05/06/97 09/30/97
38	C70072	DOF	Jacqueline B. Manasterli	36,000.00	Revenue & Taxation Tax Consulting	Change Order No.1	05/01/97
	C70072	Rev&Tax	Jacqueline B. Manasterli	18,000.00	Same as above	Change Order No.1	10/01/96 04/30/97
39	C70048	LT. GOV	Jonathan S. Paras	15,600.00	Executive Assistant	Sole Source	10/01/96 09/30/97
40	C70075	GOV	JSF Consulting Services	43,992.00	Consulting Services	Sole Source	10/01/96 09/30/97
41	C70219	TMO	Juan B. Pangelinan	33,750.00	Advisory & Consulting Services	Sole Source	01/01/97 09/30/97
42	C70340	CJPA	Laulima Hawaii	7,000.00	Drug Prevention & Education Training	Sole Source	05/19/97 05/23/97
	C70340	CJPA	Laulima Hawaii	7,565.00	Same as above	Change Order No. 1	07/27/97 07/31/97
	C60192	DLNR	Lauro T. Manacop Dba GTM Enterprises	39,000.00	Manpower Services	Change Order No. 2	10/01/96 09/30/97
43	C70156	CSC	Law Office of Eason & Halsell	40,000.00	Civil Service Commission Legal Counsel	Renewal	10/01/96 01/31/97
	C70156	CSC	Law Office of Eason & Halsell	19,653.19	Same as above	Change Order No. 1	01/31/97
	C70156	CSC	Law Office of Eason & Halsell	50,000.00	Same as above	Change Order No. 2	02/01/97 09/30/97
44	C70046	LT. GOV	Luzviminda G. Padilla	39,600.00	Liaison Officer	Sole Source	10/01/96 09/30/97
45	300126	GOV	MacMeekin & Woodworth	50,000.00	Legal Counsel Covenant Section 902 Negotiations	Sole Source	01/01/97 09/30/97

LIST OF PROFESSIONAL SERVICES CONTRACTS FROM OCTOBER 1, 1995 TO MAY 4, 1998

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
C60114	LT. GOV	MacMeekin & Woodworth	64,449.81	Legal Services Fisheries Management Project	Change Order No. 1	10/01/96	09/30/97
C60331	DOF	Magic Software Philippines, Inc.	12,287.00	GHI/Life Insurance Administration/Monitoring System	Change Order No. 1	10/30/96	06/01/97
46 300587	DOLI	Management System Designers Inc.	339,600.00	LIIDS Project Plan	Change Order No. 1	07/24/97	09/30/98
47 C70319	GOV	Manuel A. Sablan	50,000.00	Special Economic & Financial Consultant	Sole Source	04/19/97	12/31/97
48 C70143	CHC	Mara Blonigen Khorram	9,000.00	Mental Health Statistics Program Coordinator/Epidemiologist	Sole Source	11/07/96	02/07/96
C70143	CHC	Mara Blonigen Khorram	9,000.00	Same as above	Change Order No. 1	02/07/97	05/07/97
49 C70051	GOV	Maria Theresa M. Flores	2,700.00	Deputy Liaison Officer	Change Order No. 1	08/15/97	09/30/97
C70050	GOV	Michael B. Quiambao	2,100.00	General Support Laborer	Change Order No. 1	04/01/97	09/30/97
50 C70284	GOV	Miller, Nash, Wiener, Hager & Carlsen	30,000.00	Evaluation of the Office of the Attorney General	Sole Source	03/05/97	06/05/97
51 C70314	CHC	Ms. Teresa B. Tripp, Mt (Ascp)	7,500.00	CHC Laboratory Reintegration Plan	Sole Source	04/17/97	
C70314	CHC	Ms. Teresa B. Tripp, Mt (Ascp)	17,500.00	Same as above	Change Order No. 1		07/31/97
C70314	CHC	Ms. Teresa B. Tripp, Mt (Ascp)	7,500.00	Same as above	Change Order No.2		07/31/97
C70314	CHC	Ms. Teresa B. Tripp, Mt (Ascp)	14,250.00	Same as above	Change Order No. 3		07/31/97
52 C70341	GOV	N.M.Protection & Advocacy Systems	45,000.00	Straid Advocacy Project	Sole Source	04/01/97	09/30/97
53 C60286	LRC	Nancy Mahre DbA Ironwood Services	5,000.00	Law Revision Commission Data Compilation Formatting Asst.	Change Order No. 2		12/15/97
C60286	LRC	Nancy Mahre DbA Ironwood Services	0.00	Same as above	Change Order No. 1	12/09/96	05/15/97
54 C70244	CRMO	Northern Islands Company	3,000.00	Support Services for the CRM 309 Evaluation Process	Sole Source	02/13/97	03/13/97
55 C70044	LT. GOV	Ophelia G. Ramos	7,800.00	Secretary	Sole Source	10/01/96	09/30/97
56 C70317	EMO	Paul Steven Leon Guerrero Cruz	25,000.00	Professional Services	Sole Source	04/09/97	04/08/98
C60334	GOV	Pete A. Tenorio	36,000.00	Consultation on Legislative Matters & Economic Dev't.	Change Order No. 1	08/01/97	07/31/98
57 C70227	DOF	Phillip David	2,000.00	Position Audit Report-Customs Division	Change Order No. 1		
58 C70180	GOV	Phoenix International Consultants	30,000.00	Consulting/Advocacy Services	Sole Source	11/01/96	01/31/97
59 C70301	GOV	Phoenix International Consultants	200,700.00	Consulting/Advocacy Services	Sole Source	02/01/97	10/31/97
C60266	CHC	Renal Treatment Center-Hawaii, Inc.	83,000.00	Physician Dir. & Consultation Serv. End-Stage Renal Disease	Change Order No. 1	03/01/97	02/28/98
60 C70172	DCCA	Research, Evaluation, & Grants Services	17,160.00	Implementation Consultant (CNMI State Plan Children Family)	Sole Source	10/01/96	09/30/97
61 310738	GOV	Robert C. Naraja	5,618.75	Legal Services	Sole Source	05/27/97	05/29/98
62 C70178	DCCA	Rodrigue Levesque	12,000.00	Translation of German Jesuit Documents	Sole Source	01/01/97	10/31/97
63 300333	GOV	Sablan & Sons	45,000.00	Consulting Services	Sole Source	04/14/97	12/31/97
64 C70147	GOV	San Diego State University Foundation	19,795.00	State Vocational Rehab. Unit In-Service Training Prog.	Sole Source	10/01/96	09/30/97
65 C70163	CJPA	Search Group Inc.	34,169.00	CNMI Criminal Justice Information System	Sole Source	01/26/97	02/01/97
C60063	CHC	SEAS, Inc.	39,532.50	Manpower Services for Professional Nurses	Change Order No. 3	11/17/96	09/30/97
66 C70027	CHC	SEAS, Inc.	2,123,937.40	Professional Nurses & Ancillary Personnel	Renewal	10/01/96	09/30/99
C70027	CHC	SEAS, Inc.	72,830.95	Same as above	Change Order No. 1	07/20/96	09/30/97
67 CHC	CHC	St. Anthony Health Care Resource Group	40,800.00	On-Site Educ/Training-Medical Coding System & Patient Care	Sole Source	09/29/97	10/27/97
68 C70057	GOV	Stillwell Communications	72,000.00	Professional Advocacy	Sole Source	10/01/96	09/30/97
C50412	CHC	Straub Clinic & Hospital, Inc.	36,650.00	Mammography Reading	Change Order No. 2	10/01/96	09/30/97
69 302667	OVR	Sunny Corp. Inc.	4,000.00	Technical Assistance on Vocational Rehab. State Plan	Sole Source	08/29/97	09/19/97

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(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
70	C70267	RMC	Tamara & Seven Brothers Enterprises	5,000.00 Youth Empowerment Development Project	Sole Source	02/01/97	03/06/97
71	C70265	DOLI	Tzu-Ming Sheu	40,000.00 Department Investigator & Chinese Translator	Sole Source	12/11/96	12/11/97
72	C70220	TMO	Vicente S. Sablan	33,750.00 Consulting Services	Sole Source	01/01/97	09/30/97
Total - Sole Source			<u>9,227,572.99</u>	72 Contracts			
II. Expedited/Emergency							
1	C70186	THC	Double M Limited	22,002.00 Security Guard Services	Expedited	12/15/96	06/15/97
	C70186	THC	Double M Limited	11,001.00 Security Services	Change Order No. 1	06/16/97	09/30/97
2	C70336	DPW	Buccat Professional Land Surveying	20,375.00 Topographic Survey for Drainage Improvement Garapan	Expedited		
3	300183	CHC	Dr. James C. Anthony-John Hopkins Univ.	17,500.00 Consultancy on Needs Assessment Training Project	Expedited	07/14/97	12/31/97
4	300172	NIMO	JG Sablan Island Shipping Company	10,000.00 The CNMI Northern Islands Government Field Trip	Expedited	6/30/97	7/5/97
	C50295	CHC	Paras Manpower Agency	10,840.00 Manpower Services for Professional Nurses	Change Order No. 6	11/15/96	
	C60023	CHC	Paras Manpower Agency	112,067.33 Same as above	Change Order No. 5		
5	APPLE97-15	DLNR	Thomas A. Elliott	25,000.00 Appraisal Services	Expedited	11/15/96	09/30/97
Total - Expedited/Emergency			<u>228,785.33</u>	5 Contracts			
III. Small Purchases							
1	300565	DCCA	Benavente Security Agency	7,728.00 Security Guard Services	Small Purchases	08/01/97	10/31/97
2	C70259	DCCA	Ray's Lawn Care & Maintenance Inc.	1,200.00 Janitorial Services	Small Purchases	10/01/96	09/30/97
Total - Small Purchases			<u>8,928.00</u>	2 Contracts			
IV. Proposals/Biddings							
1	C70028	CHC	Benavente Security Agency	85,158.00 CHC Security Service	RFP96-0112	10/01/96	09/30/97
2	C70109	CHC	BK Enterprises	25.00 Trash Collection Services for CHC	Change Order No. 2	09/30/97	10/31/97
3	305718	DOF	Comnet Int'l. Inc.	176,216.77 Hospital Billing/Claims Back Files	RFP97-183	07/01/97	12/31/97
4	C70338	DOF	Deloitte & Touche	25,000.00 Comprehensive Annual Financial Report	RFP96-0154	04/01/97	05/31/98
5	C50402	CHC	Double M Limited	194,212.58 Manpower Services for Professional Nurses	Change Order No. 2	01/15/97	09/15/97
6	C60396	CRMO	Duenas & Associates Inc.	20,231.00 Saipan Lagoon Use Management Plan	Change Order No. 1	02/28/97	09/30/97
7	C70264	DLNR	Duenas & Associates Inc.	4,500.00 Hydrographic & Topographic Surveys	RFP97-0056	03/15/97	04/30/97
8	C70000	LT. GOV	GTS Security Inc.	2,968.67 Security Services	RFP96-0138	10/01/96	09/30/97
	C70000	GOV	GTS Security Inc.	5,937.34 Security Services - American Memorial Park	Change Order No. 1	09/30/97	11/30/97
9	C70263	DLNR	Island Janitorial Services	648.00 Janitorial Services	Change Order No. 1	09/30/97	10/31/97
	C60027	CHC	Island Security Services Inc.	10,932.35 Security Guard Services	Change Order No.1	10/01/96	10/31/96
10	C70076	DLNR	Island Security Services, Inc.	45,990.00 Security Services for Smiling Cove Marina	IFB96-0038	10/01/96	09/30/97
	C70076	DLNR	Island Security Services, Inc.	7,665.00 Same as above	Change Order No. 1	9/30/97	11/30/97
11	303450	COE	JD Edwards/Ayala Systems Technology	198,189.00 CNMI/PSS Financial Management System Project	RFP97-0183	09/26/97	09/30/00
	C50339	DOF	Joaquin Q. Castro-Dbá JQC	0.00 Commonwealth Health Center Collection Services	Change Order No. 2	09/30/97	09/30/99
12	C70243	BPL	Joshua Berger	12,000.00 Temporary Legal Counsel for Board Professional Licensing	RFP97-0041	03/01/97	09/30/97
	C70243	BPL	Joshua Berger	0.00 Same as above	Change Order No. 1	09/30/97	10/31/97
13	C70366	DCCA	Lon Bulgrin	44,400.00 Consulting Archaeologist	RFP97-0075	06/15/97	06/14/98

**LIST OF PROFESSIONAL SERVICES CONTRACTS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
300587	DOLI	Management System Designers Inc.	113,372.37	LIIDS Project Plan	RFP97-0137	07/24/97	09/30/97
C60026	CHC	Marianas Cleaners	10,000.00	CHC Laundry Services	Change Order No. 1	10/01/96	10/30/96
C60026	CHC	Marianas Cleaners	4,063.32	CHC Laundry Services	Change Order No. 2		
14 303754	GOV	MBG Management Services	22,288.50	Completion of Design-CNMI Drug & Alcohol Workplace Policy	RFP97-0184	09/29/97	12/29/97
15 C70199	GOV	MBG Management Services, Inc.	25,538.40	Same as above	RFP97-0036	01/20/97	04/30/97
16	DPL	Micronesian Appraisal Associates	3,500.00	Appraisal of Lot 502 New-2, As Terlaje Saipan	RFP97-0034		
17 301814	JKPL	Mitchell Lee Gertz	45,000.00	JKPL Information Technology Center	RFP97-0145	08/15/97	08/14/98
18 C70161	DOLI	Pacific Security Alarm, Inc.	6,911.30	LIIDS Security System Project	Change Order No. 1		09/30/97
19 C70001	DCCA	R & M Enterprises	25,800.00	Coupon Printer Agent	IFB96-0078	10/01/96	09/30/97
306073	OMB	Ray's Lawn Care & Maintenance Inc.	3,200.00	Janitorial Services	Change Order No. 3	09/30/97	01/31/98
C60281	OMB	Ray's Lawn Care & Maintenance Inc.	4,000.00	Janitorial Services For OMB	Change Order No. 2	05/01/97	09/30/97
20 C70335	CRMO	Resources Northwest Inc.	60,000.00	Habitat Conservation Plan	Change Order No. 1		01/31/98
21 C70003	DCCA	S & A Enterprises	3.50	Coupon Issuance Agent	ITB96-0078	10/01/96	09/30/97
22 C70246	DOF	Synon/2E-Ayala Sys.Tech.	209,444.00	CNMI Tax System Re-Engineering Project	RFP97-002	02/01/97	01/31/97
23 C70013	LT. GOV	Tropical Plaza Ltd. Design/Build Landscapes	4,521.25	Maintenance for American Memorial Park	RFP96-0138	10/01/96	09/30/97
C70013	LT. GOV	Tropical Plaza Ltd. Design/Build Landscapes	6,025.00	Same as above	Change Order No. 1		
C70013	OMB	Tropical Plaza Ltd. Design/Build Landscapes	9,042.50	Same as above	Change Order No. 1	09/30/97	11/30/97
24 C70002	DCCA	Union Bank of California	36,000.00	Redemption Agent	ITB96-0078	10/01/96	09/30/97
25 C60382	OMB	Winzler & Kelly Consulting Engineers	100,000.00	Garapan Special District	Change Order No. 2		
C60382	OMB	Winzler & Kelly Consulting Engineers	131,275.00	Traffic Flow Study & Recom. Garapan Special District	Change Order No. 1	02/26/97	
Total - Proposals/Biddings			<u>1,654,058.85</u>	25 Contracts			
Total - Fiscal Year 1997			<u>11,119,345.17</u>	104 Contracts			

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**LIST OF PROFESSIONAL SERVICES CONTRACTS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1998 (10/1/97 - 1/10/98)							
I. Sole Source							
1	GOV	Amado B. Espino	6,930.00	Verifying Clerk	Sole Source	10/01/97	09/30/98
2	305012	CHC	Anne V. Erhard, Ph.D.	3,792.00	D.M.H. Plan Consultant & Forensic Psychology	Sole Source	10/15/97 04/15/98
	304828	GOV	Arnold H. Leibowitz	15,000.00	US Immigration & Naturalization Laws	Change Order No. 1	10/01/97 12/31/97
	C70123	GOV	B.Y.T. Consulting Services	30,000.00	Federal Strategy & Local Reforms	Change Order No.01	10/01/97 12/31/97
3	306288	GOV	C. Sebastian Aloat	2,000.00	Advice & Recommen Re: Bangladesh MOU	Sole Source	
4	305994	OPM	Cahn & Associates, Inc.	65,000.00	Modernization & Improvement Ext. PSSRR	Sole Source	12/10/97 12/09/98
5	304827	GOV	Cahn & Associates, Inc.	25,000.00	US Immigration & Naturalization Laws	Change Order No. 1	10/01/97 12/31/97
6	305396	DOF	Cedarwood Inc. Canine	14,500.00	Nmg Drug Detector Dog Program	Sole Source	11/22/97 11/30/97
	304826	SMO	David A. Wiseman	5,000.00	Legal Services	Change Order No. 3	10/01/97 12/31/97
	304826	SMO	David A. Wiseman	1,137.25	Legal Services to the Mayor of Saipan	Change Order No. 4	10/01/97 12/31/97
7	OPM	DNA Consulting Serv.		4,500.00	Conversion-Back Wage P.L. 7-31	Sole Source	10/01/97 11/21/97
	304583	TMO	Don A. Farrell	11,250.00	Consulting Services	Change Order No. 1	10/01/97 12/31/97
	304583	TMO	Don A. Farrell	33,750.00	Consulting Services	Change Order No. 2	01/01/98 09/30/98
	C50402	CHC	Double M Limited	(544,473.96)	Manpower Services	Change Order No. 3	11/30/97
	C70105	RHC	Double M Limited	(737,440.43)	Professional Nurses for Rota Health Center	Change Order No. 1	11/30/97
	C70106	THC	Double M Limited	(604,492.03)	Professional Nurse	Change Order No. 3	11/30/97
8	GOV	Eileen R. Dilay	6,930.00	Verifying Clerk	Sole Source	10/01/97	09/30/98
9	GOV	Emilio A. Tan	8,190.00	Medical Referral Assistant	Sole Source	10/01/97	09/30/98
10	309222	CHC	GE Medical Systems - Oceania	43,384.00	Comprehensive Service Plan/Maintenance	Sole Source	01/01/98 12/31/98
11	GOV	Grace S. Reyes	10,700.00	Utilization Reviewer	Sole Source	10/01/97	09/30/98
12	GOV	Graielia K. Roxas	7,800.00	Secretary	Sole Source	10/01/97	09/30/98
13	EMO	GTM Enterprises	15,000.00	Manpower Services	Sole Source	10/01/97	03/31/98
	C70075	GOV	JSF Consulting Services	43,992.00	Consulting Services	Change Order No. 1	10/01/97 09/30/98
14	GOV	Jonathon S. Paras	16,380.00	Executive Assistant	Sole Source	10/01/97	09/30/98
	C70156	CSC	Law Office of Eason & Halsell	50,000.00	Legal Counsel	Change Order No. 3	10/01/97 09/30/98
15	GOV	Ma. Theresa M. Flores	22,680.00	Deputy Liaison Officer	Sole Source	10/01/97	12/31/97
16	304132	GOV	MacMeekin & Woodworth	36,000.00	Legal Services - Fisheries	Sole Source	10/01/97 12/30/97
17	305307	EMO	MLG Consulting	50,000.00	Electronic Maintenance Agreement	Sole Source	11/01/97 09/30/98
18	304094	CHC	Otis Elevator Maintenance	6,000.00	CHC Elevator Maintenance	Change Order No. 1	10/01/97 09/30/98
19	GOV	Ophelia G. Ramos	7,800.00	Medical Referral Assistant	Sole Source	10/01/97	09/30/98
20	306372	PIO	PAC/Pictures Film & Video	40,000.00	CNN Sights And Sounds Footage	Sole Source	11/10/97 01/10/98
21	305559	GOV	Pacific Information Bank	70,795.00	Publication Project	Sole Source	10/01/97 12/31/97
22	310735	GOV	Preston Gates Ellis & Rouvelas Meeds	289,543.44	Legal Services	Sole Source	11/01/97 01/11/98
23	304050	GOV	Rays Lawn Care	19,200.00	Office Cleaning Service	Sole Source	10/01/97 09/30/98
24	GOV	Rene O. Bautista	4,200.00	General Support Laborer	Sole Source	10/01/97	09/30/98
	C70027	CHC	SEAS, Inc.	893,295.00	Manpower Service for CHC	Change Order No. 2	10/26/97 09/30/98
	C70027	THC	SEAS, Inc.	347,340.62	Manpower Service for THC	Change Order No. 3	10/26/97 09/30/98
	C70027	RHC	SEAS, Inc.	335,560.00	Manpower Service for RHC	Change Order No. 4	10/26/97 09/30/98
	C70027	CHC	SEAS, Inc.	(73,125.00)	Manpower Service for CHC	Change Order No. 5	10/01/97 03/16/98
25	305771	CHC	Sunny Corp. Inc.	6,900.00	Tech. Asst. for Vocational Rehab. Program	Sole Source	10/01/97 09/30/98
	C70220	TMO	Vicente S. Sablan	11,250.00	Consulting Services	Change Order No.1	10/01/97 12/31/97

LIST OF PROFESSIONAL SERVICES CONTRACTS FROM OCTOBER 1, 1995 TO MAY 4, 1998

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
26	DCCA	Youth Enrichment Serv.	10,000.00	Counseling Support Services for DYS Clients	Sole Source	10/15/97	09/30/98
Total - Sole Source			<u>611,267.89</u>	26 Contracts			
II. Expedited/Emergency Purchases							
1	OPA	CTS Construction Inc.	2,625.00	Janitorial Services	Expedited	11/01/97	06/30/98
C60023	CHC	Paras Manpower Agency	423,584.00	Manpower Services for Professional Nurses	Change Order No. 7		05/14/99
Total - Expedited/Emergency			<u>426,209.00</u>	1 Contract			
III. Small Purchases							
300565	GOV	Benavente Security Agency	10,080.00	Security Services - Commonwealth Museum	Change Order No. 1	10/31/97	02/28/98
1	304172	DCCA	Ray's Lawn Care	1,200.00	Janitorial Services	Change Order No. 1	10/01/97 09/30/98
Total - Small Purchases			<u>11,280.00</u>	1 Contract			
IV. Proposals/Biddings							
1	300827	DCCA	A.W. Aereeme Ent.	5,400.00	Janitorial Services	Change Order No. 1	10/01/97 09/30/98
2	301489	GOV	A.W. Aereeme Ent.	583.33	Cleaning Services	Change Order No. 1	10/01/97 10/31/97
	C70028	CHC	Benavente Security Agency	0.00	Security Services	Change Order No.1	10/01/97 10/31/97
	C70028	CHC	Benavente Security Agency	14,193.00	Security Service for CHC	Change Order No. 2	11/01/97 12/31/97
3		CHC	BK Enterprises	745.00	Trash Collection Services	RFP97-0186	10/01/97 09/30/98
4	C70038	DPS	Bolis R Us	29,800.00	DPS/Doc Food Service Program	Change Order No. 5	
5	14-OS	DOLI	Computerland	9,112.00	Installation of Hubby Concentrator	RFP97-0167	10/01/97 01/31/98
6	C70026	DOLI	Computerland	5,572.00	Network Cabling for LIIDS Computer	Change Order No. 1	
7	305164	DLNR	Franks Cleaning Services	750.00	Janitorial Services	ITB98-0002	11/19/97 09/30/98
8	19-OS	LT. GOV	GTS Security Inc.	29,680.00	Security Services - American Memorial Park	RFP98-0013	12/01/97 09/30/98
9	304834	DOF	IBM Corporation	77,479.11	IBM Machines Annual Maintenance	RFP97-183	10/01/97 09/30/98
10	C70342	DLNR	Island Janitorial Services	4,560.00	Janitorial Services	Change Order No. 1	10/01/97 09/30/98
	C70076	DLNR	Island Security Services Inc	7,665.00	Smiling Cove Marina Security Service	Change Order No.2	11/30/97 01/31/98
11	C70082	DOF	ISSC/IBM Corporation	1,527,518.00	CNMI Financial Management systems	Change Order No. 2	
12		DOLI	JCG Services	40,000.00	Meals for Illegal Alien Detainees	RFP98-081	12/01/97 09/30/98
	C50339	DOF	Joaquin Q. Castro DbA JQC Col- lection Service	0.00	CHC Collection Services	Change Order No. 2	10/01/97 09/30/99
	C70243	BPL	Joshua Berger	3,000.00	Legal Counsel for BPL Board	Change Order No. 2	10/31/97 12/31/97
	C70243	BPL	Joshua Berger	5,000.00	Legal Counsel for BPL Board	Change Order No. 3	12/31/97 09/30/98
13	C70110	CHC	Marianas Cleaners	0.00	Laundry Services	Change Order No. 1	10/01/97 09/30/98
14	304718	CHC	Marianas Cleaners	154,350.00	CHC Laundry Services	RFP97-0186	10/01/97 09/30/98
15	APR98-2s	DLNR	P & R Enterprises	700.00	Appraisal Service	RFP97-081	
16		DOLI	Pac-Asia Enterprises	14,562.00	Cleaning & Maintenance Services - DOLI Afetna	RFP98-0009	01/02/98 09/30/98
17	300063	DCCA	R & M Enterprises	30,000.00	Coupon Printer Agent	ITB97-0122	10/01/97 09/30/98
18		DOLI	RMJ Enterprises Corp.	2,916.00	Cleaning & Maintenance Services - As Gonno	RFP98-0009	01/02/98 09/30/98
19	C70140	DOF	Ray's Lawn Care	8,400.00	Janitorial Services	Change Order No. 2	10/01/97 11/30/97
20	305679	OMB	Ray's Lawn Care	10,000.00	Marpi Pathway Clearing & Maintenance	3-Quotes	11/18/97 12/18/97
21	304051	DOF	Ray's Lawn Care	8,400.00	Janitorial Services	Change Order No. 3	11/30/97 01/31/98
22		DOLI	Saipan Maintenance Services	2,700.00	Ground Maintenance Services - As Gonno	RFP98-0009	01/02/98 09/30/98
23	304717	CHC	Sen Mauleg Corporation	3,185.00	Ground Maintenance	RFP97-0186	10/01/97 09/30/98
24	304835	DOF	Synon/2E-Ayala Sys.Tech.	392,000.00	CNMI Tax Systems Modernization	RFP97-183	10/15/97 03/31/99

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**LIST OF PROFESSIONAL SERVICES CONTRACTS
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(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
25	304837	DOF	Synon/2E-Ayala Sys.Tech.	939,360.00	CNMI Tax Systems Modernization	RFP97-183	10/15/97 09/30/98
26	301482	DLNR	Trash King Inc.	1,902.72	Trash Collection & Disposal - Smiling Cove	ITB97-0151	10/01/97 09/30/98
	C70013	LT. GOV	Tropical Plaza Ltd.Design/Build Landscapes	9,042.00	Maintenance of American Memorial Park	Change Order No. 2	11/30/97 01/31/98
27	300065	DCCA	U.I.U.M. Inc.	4.00	Coupon Issuance Agent	ITB97-0122	10/01/97 09/30/98
28	300064	DCCA	Union Bank of California	36,000.00	Redemption Agent	ITB97-0122	10/01/97 09/30/98
			Total - Proposals/Biddings	<u>3,374,579.16</u>	28 Contracts		
			Total - Fiscal Year 1998 (10/1/97 - 1/10/98)	<u>4,423,336.05</u>	56 Contracts		

**LIST OF PROFESSIONAL SERVICES CONTRACTS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**

(sorted by fiscal year, by method of procurement, and alphabetically by contractor name)

Contract No.	Contracting Agency	Contractor	Contract Amount	Project Title	Method	Effective Date	Expiry Date
Fiscal Year 1998 (1/11/98 - 5/4/98)							
I. Sole Source							
1	CHC	Dr. Nathaniel Berg	60,000.00	Radiologist	Sole Source	01/26/98	
300533	CHC	Gamma Corporation	13,000.00	Medical Health Physicist for CHC	Change Order No. 1	03/01/98	02/28/99
2	301296	CJPA	12,499.00	Family Violence Task Force Shelter	Change Order No. 1	02/17/98	07/31/98
3	DOF	JD Edwards	45,000.00	Software Training	Sole Source	03/02/98	03/13/98
4	308017	GOV	30,000.00	Financial Management Consulting	Sole Source	02/05/98	04/30/98
	308017	GOV	8,000.00	Financial Management Consulting	Change Order No. 1		09/30/98
	308017	GOV	30,000.00	Financial Management Consulting	Change Order No. 2	05/01/98	07/31/98
5	310041	DOF	60,000.00	Special Consultant for Rev & Tax	Sole Source	02/17/98	02/27/99
6	306998	DPS	40,000.00	2nd Annual Pacific Rim Veh. Hom./DUI Seminar	Sole Source	01/16/98	02/16/98
		Total - Sole Source	<u>298,499.00</u>	6 Contracts			
II. Proposals/Biddings							
1	304838	DOF	46,090.00	CNMI Tax Systems Re-Engineering	Change Order No. 1	02/01/98	01/13/00
		Total - Fiscal Year 1998 (1/11/98 - 5/4/98)	<u>344,589.00</u>	7 Contracts			

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Definition of Acronyms Used:

AGO	Attorney General's Office
BPL	Board of Professional Licensing
CHC	Commonwealth Health Center
CJPA	Criminal Justice Planning Agency
COE	Commissioner of Education
CRMO	Coastal Resources Management Office
CSC	Civil Service Commission
DCCA	Department of Community & Cultural Affairs
DLNR	Department of Land & Natural Resources
DOC	Department of Commerce
DOF	Department of Finance
DOLI	Department of Labor & Immigration
DPH	Department of Public Health
DPL	Department of Public Land
DPS	Department of Public Safety
DPW	Department of Public Works
EMO	Emergency Management Office
GOV	Governor's Office
JKPL	Joeten-Kiyu Public Library
LIIDS	Labor and Immigration Identification and Documentation Systems
LRC	Law Revision Commission
LT. GOV	Lt. Governor's Office
NIMO	Northern Islands Mayor's Office
OMB	Office of Management & Budget
OPA	Office of the Public Auditor
OPM	Office of Personnel Management
OVR	Office of Vocational Rehabilitation
PIO	Public Information Office
RMC	Rota Municipal Council
Rev&Tax	Revenue & Taxation
RHC	Rota Health Center
SMC	Saipan Municipal Council
SMO	Saipan Mayor's Office
THC	Tinian Health Center
TMO	Tinian Mayor's Office

**SOLE SOURCE PROCUREMENT NOT ADEQUATELY DOCUMENTED OR JUSTIFIED
FROM OCTOBER 1, 1995 TO MAY 4, 1998**
(sorted alphabetically by contractor name)

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
C60323	07/22/96	Sole Source	GOV	Applied Business Ethics International (ABEI)	67,000.00	Consultation on Strategic Leadership		X			X
C60323	09/18/96	Change Order No. 1	GOV	ABEI	32,500.00	Same as above		X			X
C60373	09/23/96	Sole Source	GOV	ABEI	170,000.00	Same as above		X			X
C70091	10/25/96	Sole Source	GOV	ABEI	182,000.00	Same as above		X			X
C70091	11/25/96	Change Order No. 1	GOV	ABEI	43,500.00	Same as above		X			X
C70179	01/28/97	Sole Source	GOV	ABEI	164,000.00	Same as above		X			X
C70179	04/10/97	Change Order No. 1	GOV	ABEI	124,000.00	Same as above		X			X
C70179	04/28/97	Change Order No. 2	GOV	ABEI	150,000.00	Same as above		X			X
300082-OC	08/11/97	Sole Source	GOV	ABEI	106,500.00	Same as above		X			X
300082-OC	09/18/97	Change Order No. 1	GOV	ABEI	90,500.00	Same as above		X			X
300082-OC	09/22/97	Change Order No. 2	GOV	ABEI	60,500.00	Same as above		X			X
C70056	11/25/96	Sole Source	GOV	Arnold H. Leibowitz	50,000.00	US Immigration & Naturalization Laws		X			X
304828-OC	12/01/97	Change Order No. 1	GOV	Arnold H. Leibowitz	15,000.00	Same as above		X			X
C60123	01/15/96	Sole Source	GOV	BYT Consulting Services	50,000.00	902 Representation		X			X
C60123	12/24/96	Change Order No. 1	GOV	BYT Consulting Services	30,000.00	902 Representation		X			X
C60123	01/08/98	Change Order No. 2	GOV	BYT Consulting Services	45,000.00	902 Representation		X			X
C60060	11/15/95	Sole Source	OMB	BYT Consulting Services	50,000.00	Federal Strategy & Local Reforms Same as above		X			X
C60060	02/09/96	Change Order No. 1	OMB	BYT Consulting Services	30,000.00	Same as above		X			X
C60060	06/06/96	Change Order No. 2	OMB	BYT Consulting Services	40,000.00			X			X
C70123	11/08/96	Sole Source	GOV/OMB	BYT Consulting Services	120,000.00	Federal Strategy & Local Reforms		X			X
C70123	10/23/97	Change Order No. 1	GOV/OMB	BYT Consulting Services	30,000.00	Same as above		X			X
C70222	03/04/97	Sole Source	GOV	Cahn & Associates, Inc.	36,000.00	Consultation on Personnel Mgt. and Administration		X			X
C70096	11/01/96	Sole Source	GOV	Cahn & Associates, Inc.	60,000.00	Legal & Consulting Services		X			X
304827-OC	12/01/97	Change Order No. 1	GOV	Cahn & Associates, Inc.	25,000.00	no title		X			X
C70360	06/10/97	Sole Source	DOF	Comnet International	85,449.00	Hospital Billing/Claims Backfile Conversion		X			X
C70172	01/14/97	Sole Source	CCA	Daniel H. Nielsen	17,160.00	Implementation Consultant		X			X
C60142	03/12/96	Sole Source	SMO	David A. Wiseman	20,000.00	Legal Services to Saipan Mayor		X			X
304826-OC	04/02/97	Change Order No. 2	SMO	David A. Wiseman	15,000.00	Legal Services to Saipan Mayor		X			X
304826-OC	01/06/98	Change Order No. 3	SMO	David A. Wiseman	5,000.00	Legal Services to Saipan Mayor		X			X
304826-OC	05/19/98	Change Order No. 4	SMO	David A. Wiseman	1,137.25	Legal Services to Saipan Mayor		X			X
C60172	03/13/96	Sole Source	TMO	Don A. Farrel	11,250.00	Consultant Services		X			X
C70137	11/26/96	Change Order No. 1	TMO	Don A. Farrel	45,000.00	Consultant Services		X			X
304583-OC	11/18/97	Change Order No. 1	TMO	Don A. Farrel	11,250.00	Consultant Services		X			X
304583-OC	03/30/98	Change Order No. 2	TMO	Don A. Farrel	33,750.00	Consultant Services		X			X
C70105	12/10/96	Sole Source	DPH	Double M Limited	1,128,752.62	Professional Nurses for Rota Health Center			X		X
C70105	11/30/97	Change Order No. 1	DPH	Double M Limited	(737,440.43)	Same as above			X		X
C70106	12/10/96	Sole Source	DPH	Double M Limited	486,588.38	Professional Nurses for Tinian Health Center	X	X			X
C70106	01/13/97	Change Order No. 1	DPH	Double M Limited	397,215.00	Same as above	X	X			X
C70106	06/27/97	Change Order No. 2	DPH	Double M Limited	357,493.50	Same as above	X	X			X
C70106	11/30/97	Change Order No. 3	DPH	Double M Limited	(604,492.03)	Same as above	X	X			X
C60034	11/08/95	Sole Source	GOV	EDR & Associates	42,000.00	Education & Special Projects		X			X
C70055	11/25/95	Sole Source	GOV	EDR & Associates	42,000.00	Education & Special Projects		X			X

Appendix B
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**SOLE SOURCE PROCUREMENT NOT ADEQUATELY DOCUMENTED OR JUSTIFIED
FROM OCTOBER 1, 1995 TO MAY 4, 1998
(sorted alphabetically by contractor name)**

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
C60258	04/25/96	Sole Source	GOV	H.R. & Associates	24,000.00	Management Consultant & External Legislative Liaison		X			X
C60258	06/26/96	Change Order No. 1	GOV	H.R. & Associates	16,000.00	Same as above		X			X
C70285	04/04/97	Sole Source	GOV	H.R. & Associates	41,666.70	Management Consultant & External Legislative Liaison		X			X
C60333	1/08/95	Sole Source	GOV	JSF Consulting Services	39,996.00	Consulting Services	X	X			X
C70075	10/31/95	Sole Source	GOV	JSF Consulting Services	43,992.00	Consulting Services	X	X			X
C70075	11/18/97	Change Order No. 1	GOV	JSF Consulting Services	43,992.00	Consulting Services	X	X			X
C60192	03/13/96	Sole Source	DLNR	Lauro Maniacop	21,698.60	Manpower Services		X			X
C60192	03/20/96	Change Order No. 1	DLNR	Lauro Maniacop	0.00	Manpower Services		X			X
C60192	01/24/97	Change Order No. 2	DLNR	Lauro Maniacop	39,000.00	Manpower Services		X			X
C70156	01/21/97	Renewal	CSC	Law Office of Eason & Halsell	40,000.00	CSC - Legal Counsel			X	X	
C70156	05/21/97	Change Order No. 1	CSC	Law Office of Eason & Halsell	19,653.19	CSC - Legal Counsel			X	X	
C70156	05/06/97	Change Order No. 2	CSC	Law Office of Eason & Halsell	50,000.00	CSC - Legal Counsel			X	X	
C70156	10/31/97	Change Order No. 3	CSC	Law Office of Eason & Halsell	50,000.00	CSC - Legal Counsel			X	X	
C60114	01/17/96	Sole Source	GOV	MacMeekin & Woodworth	64,449.81	Legal Services - Fisheries		X			X
C60114	02/21/97	Change Order No. 1	GOV	MacMeekin & Woodworth	64,449.81	Legal Services - Fisheries		X			X
304132-OC	12/31/97	Sole Source	GOV	MacMeekin & Woodworth	36,000.00	Legal Services - Fisheries		X			X
300126-OC	09/22/97	Sole Source	GOV	MacMeekin & Woodworth	50,000.00	Legal Counsel - 902 Negotiations		X			X
C60330	08/02/96	Sole Source	DOF	Magic Software Phils, Inc.	88,000.00	Government Health Insurance Processing	X				X
C60330	07/30/97	Change Order No.1	DOF	Magic Software Phils, Inc.	193,628.16	Same as above	X				X
C60331	08/02/96	Sole Source	DOF	Magic Software Phils, Inc.	117,931.00	Phase I - GHI Claims Processing Phase 2 - Life Insurance Admin.			X		X
C60331	08/02/96	Change Order No. 1	DOF	Magic Software Phils, Inc.	12,287.00	Same as above.			X		X
308017-OC	02/11/98	Sole Source	GOV	Michael Sablan Consulting	30,000.00	Financial Mgt Consulting		X			X
308017-OC	04/14/98	Change Order No. 1	GOV	Michael Sablan Consulting	8,000.00	Financial Mgt Consulting		X			X
308017-OC	07/14/98	Change Order No. 2	GOV	Michael Sablan Consulting	30,000.00	Financial Mgt Consulting		X			X
305559-OC	12/9/97	Sole Source	GOV	Pacific Information Bank	70,795.00	Publication Project	X	X			X
C60334	08/01/96	Sole Source	GOV	Pete Tenorio	36,000.00	Consultant on Legislative Matters		X			X
C60334	11/17/97	Change Order No. 1	GOV	Pete Tenorio	36,000.00	Consultant on Legislative Matters		X			X
C70180	01/23/97	Sole Source	GOV	Phoenix International Consultants	30,000.00	Consulting/Advocacy Services		X			X
C70301	05/06/97	Sole Source	GOV	Phoenix International Consultants	200,700.00	Consulting/Advocacy Services		X			X
310735-OC	04/30/98	Sole Source	GOV	Preston Gates Ellis & Rouvelas Meeds	289,543.44	Legal Services		X			X
C60266	06/28/96	Sole Source	DPH	Renal Treatment Center Hawaii, Inc.	83,000.00	Physician, Director & Consultation Services	X	X			X
C60266	04/09/97	Change Order No. 1	DPH	Renal Treatment Center Hawaii, Inc.	83,000.00	Same as above	X	X			X
310138-OC	03/23/98	Sole Source	GOV	Robert C. Naraja	5,618.75	Legal Services		X		X	
310041-OC	03/13/98	Sole Source	DOF	Rufin Inos Consulting	60,000.00	Special Consultant for Rev & Tax		X			X
C60063	11/20/95	Sole Source	DPH	SEAS, Inc.	594,000.00	Professional Nurses	X	X			X
C60063	3/14/96	Change Order No. 1	DPH	SEAS, Inc.	22,590.00	Professional Nurses	X	X			X
C60063	8/22/96	Change Order No. 2	DPH	SEAS, Inc.	22,590.00	Professional Nurses	X	X			X
C60063	03/14/97	Change Order No. 3	DPH	SEAS, Inc.	39,532.50	Professional Nurses	X	X			X
C70027	11/07/96	Renewal	DPH	SEAS, Inc.	2,123,937.40	Professional Nurses & Ancillary Personnel			X	X	
C70027	03/14/97	Change Order No. 1	DPH	SEAS, Inc.	72,830.95	Manpower Services			X	X	
C70027	01/08/98	Change Order No. 2	DPH	SEAS, Inc.	893,295.00	Manpower for CHC Services			X	X	
C70027	01/08/98	Change Order No. 3	DPH	SEAS, Inc.	347,340.62	Manpower Services for THC			X	X	

**SOLE SOURCE PROCUREMENT NOT ADEQUATELY DOCUMENTED OR JUSTIFIED
FROM OCTOBER 1, 1995 TO MAY 4, 1998**
(sorted alphabetically by contractor name)

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
C70027	01/08/98	Change Order No. 4	DPH	SEAS, Inc.	335,560.00	Manpower Services for RHC			X	X	
C60355	08/09/96	Sole Source	DOF	Stillwell Communications	35,000.00	Consulting Services		X			X
C60190	03/13/96	Sole Source	GOV	Stillwell Communications	54,000.00	Consulting Services		X			X
C70057	11/05/96	Sole Source	GOV	Stillwell Communications	72,000.00	Professional Advocacy		X			X
C70149	-	Sole Source	GOV	The Lee Sollers Company	75,000.00	Public Relation Representation		X			X
C70220	02/07/97	Sole Source	TMO	Vicente S. Sablan	33,750.00	Consulting Services		X			X
C70220	11/06/97	Change Order No. 1	TMO	Vicente S. Sablan	11,250.00	Consulting Services		X			X
Total Contracts - 46					9,880,691.22	No. of Contracts	42	4	3	43	

Appendix C1**PAYMENTS FOR SERVICES WITHOUT A VALID CONTRACT - Preston Gates Ellis & Rouvelas Meeds (contract period 7/1/95 - 9/30/96)**

Voucher No.	Check Date	Nature of Payment	Payment Amount
725672	12/30/96	Oct 96 (Professional fees)	\$165,023.61
724810	12/30/96	Nov 96 (Professional fees)	128,487.03
734807	4/17/97	Dec 96 (Professional fees)	178,645.75
738047*	5/13/97	Nov-Dec 96 (Travel)	58,675.71
725671*	12/30/96	Dec 96 (Travel)	50,403.18
723329*	12/6/96	Dec 96 (Travel)	95,890.99
723588*	12/11/96	Dec 96 (Travel)	84,897.60
735264	4/23/97	Jan 97 (Professional fees)	190,206.34
735625	5/26/97	Feb 97 (Professional fees)	190,831.66
740299	6/3/97	Mar 97 (Professional fees)	225,274.73
740298	6/3/97	Apr 97 (Professional fees)	237,568.95
9126	9/30/97	May 97 (Professional fees)	156,000.00
9156*	9/30/97	May 97 (Other charges)	35,886.66
9127	9/30/97	Jun 97 (Professional fees)	178,024.50
5199*	9/4/97	Jun 97 (Other charges)	42,169.67
9129	9/30/97	Jul 97 (Professional fees)	197,649.00
9128*	9/30/97	Jul 97 (Other charges)	18,014.06
15556	12/2/97	Aug 97 (Professional fees)	229,425.50
15558*	12/2/97	Aug 97 (Other charges)	43,248.24
15555	12/15/97	Sep 97 (Professional fees)	182,046.50
15560*	12/15/97	Sep 97 (Other charges)	25,857.68
22036	12/31/97	Oct 97 (Professional fees)	215,428.50
22037*	12/31/97	Oct 97 (Other charges)	25,857.68
22769	1/8/98	Dec 97 (Professional fees)	273,260.30
Total			\$3,228,773.84

* Also included in **Finding C** - Questionable Payments to Contractors (see **Appendix D** - Payments to Contractors not adequately Supported)

Appendix C2

PAYMENTS FOR SERVICES RENDERED NOT WITHIN THE CONTRACT PERIOD

Contractor/ Contract No.	Contract Period	Contracting Agency	Voucher No.	Check Date	Nature of Payment	Prior to the contract period	After the contract period	Total Questionable Payments
Stillwell Communica- tions 60355	4/1/96 - 10/31/96	GOV	731818	1/29/97	Nov 96-Feb 97 (Professional fees)	\$0.00	\$21,400.00	\$21,400.00
			734471	4/10/97	Mar 97 (Professional fees)	0.00	5,350.00	5,350.00
			742477	4/29/97	Apr 97 (Professional fees)	0.00	5,350.00	5,350.00
			742838	6/6/97	May 97 (Professional fees)	0.00	6,803.00	6,803.00
			16898	9/30/97	Jun 97 (Professional fees)	0.00	6,223.07	6,223.07
Sub-total						\$0.00	\$45,126.07	\$45,126.07
The Lee Solters Company C70149	7/1/96 - 12/31/96	GOV	733766	4/25/97	Jan 97 (Professional fees)	\$0.00	\$13,975.98	\$13,975.98
			733767	4/3/97	Feb 97 (Professional fees)	0.00	12,795.84	12,795.84
			733769	4/3/97	Mar 97 (Professional fees)	0.00	13,992.68	13,992.68
			734569	4/10/97	Mar 97 (Other charges)	0.00	2,357.73	2,357.73
Sub-total						\$0.00	\$43,122.23	\$43,122.23
MacMeekin & Woodworth 50305	4/15/95 - 4/14/97	LT. GOV	11212	10/6/97	Jun 97 (Professional fees)	0.00	5,792.99	5,792.99
			11212	10/6/97	Jul 97 (Professional fees)	0.00	13,593.37	13,593.37
			11212	10/6/97	Aug 97 (Professional fees)	0.00	19,131.33	19,131.33
Sub-total						\$0.00	\$38,517.69	\$38,517.69
Verner, Liipfert, Bernhard, McPherson & Hand C60196	7/1/95 - 6/30/97	GOV	925130	3/28/96	Jun 95 (Professional fees)	12,231.61	0.00	12,231.61
			15554	11/20/97	Aug 97 (Professional fees)	0.00	13,020.59	13,020.59
			15551	11/20/97	Sep 97 (Professional fees)	0.00	527.40	527.40
Sub-total						\$12,231.61	\$13,547.99	\$25,779.60
EDR & Associates C60034	10/1/95 - 9/30/96	GOV	725697	1/21/97	Aug-Sep 95 (Professional fees)	7,409.77	0.00	7,409.77
Sub-total						\$7,409.77	\$0.00	\$7,409.77
BYT Consult- ing Services C70123	10/1/96 - 12/31/97	GOV/OMB	721527	11/14/96	Aug-Sep 96 (Other charges)	376.83	0.00	376.83
			721528	11/14/96	Sep 96 (Other charges)	773.54	0.00	773.54
Sub-total						\$1,150.37	\$0.00	\$1,150.37
TOTAL						\$20,791.75	\$140,313.98	\$161,105.73

Appendix C3

CONTRACTS WHICH DID NOT INDICATE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO "OTHER EXPENSES"

Contract No.	Contractor	Contracting Agency	Project Title	OTHER EXPENSES	
				Nature	Amount
C60373	Applied Business Ethics International (ABEI)	GOV	Consultation on Strategic Leadership Ethics	Out-of-pocket expenses such as telephone, facsimile, postage, copying, travel expenses, and supplies.	not indicated
C70091	ABEI	GOV	Same as above	Telephone, facsimile, postage, copying charges, travel & related travel costs, supplies, and documents related to the project.	not indicated
C70179	ABEI	GOV	Same as above	Same as above	not indicated
300082-OC	ABEI	GOV	Same as above	Same as above	not indicated
C60123	BYT Consulting Services	GOV	902 Representation	Actual charges for travel, telephone, faxes, photocopying, printing, and travel expenses. Per diem - travel outside CNMI	not indicated \$250/day
C60060	BYT Consulting Services	OMB	Federal Strategy & Local Reforms	Same as above	not indicated \$250/day
C70123	BYT Consulting Services	GOV/OMB	Federal Strategy & Local Reforms	Same as above	not indicated \$250/day
C70222	Cahn & Associates, Inc.	GOV	Consultation on Personnel Management	Telephone, facsimile, postage, copying charges, and travel.	not indicated
C70096	Cahn & Associates, Inc.	GOV	Legal and Consulting Services	Telephone, facsimile, postage, copying charges, and travel. Travel away from Washington	not indicated \$1,000 a day (for a period of 5 days)
C60172	Don A. Farrell	TMO	Consultant Services	Materials from which the article will be developed and cost of newsletter printing.	not indicated
C60034	EDR & Associates	GOV	Education & Special Projects	Necessary expenses but not limited to duplication and distribution of materials and information, and travel expenses.	not indicated
C70055	EDR & Associates	GOV	Education & Special Projects	Same as above	not indicated
C70285	H.R. & Associates	GOV	Management Consultant & External Legislative Liaison	Travel Expenses	not indicated
C60033	JSF Consulting Services	GOV	Consulting Services	Telephone, facsimile, postage and copying charges, travel, and documents.	not indicated
C70075	JSF Consulting Services	GOV	Consulting Services	Same as above	not indicated
C60114	MacMeekin & Woodworth	GOV	Legal Services - Fisheries Management	Travel, long distance telephone calls, faxes, and photocopying.	not indicated
300126-OC	MacMeekin & Woodworth	GOV	Legal Counsel - 902 Negotiation	Same as above	not indicated
C60334	Pete Tenorio	GOV	Consultant on Legislative Matters & Economic Development	Telephone, facsimile, postage, copying charges, travel, and official representation.	not indicated
C70180	Phoenix International Consultants	GOV	Consulting and Advocacy Services	Based on invoices and milestone.	not indicated
C70301	Phoenix International Consultants	GOV	Consulting and Advocacy Services	Based on invoices and milestone.	not indicated
C60190	Stillwell Communications	GOV	Consulting Services	Telephone, facsimile, postage, copying charges, travel, and documents.	not indicated
C70057	Stillwell Communications	GOV	Professional Advocacy and Consulting services	Same as above	not indicated
C70149	The Lee Solters Company	GOV	Public Relations Representation	Telephone, messenger service, entertainment, photo reproduction, facsimile, postage, copying charges, and travel.	not indicated
310138	Robert C. Naraja	GOV	Legal Services	All costs, necessary disbursements, and reasonable travel expenses.	not indicated
C70220	Vicente Sablan	TMO	Consulting Services	Reasonable & necessary expenses.	not indicated

PAYMENTS TO CONTRACTORS NOT ADEQUATELY SUPPORTED

Contractor	Contract No.	Voucher No.	Payment Amount	Deficiencies Noted	Questionable Amount
Preston Gates Ellis & Rouvelas Meeds	C50388/ 31075-OC	922271	\$214,418.61	Other charges such as travel, telephone, outside professional fees, photocopy/teletype, lexis charges (computerized research services), and other miscellaneous expenses have no support.	\$23,348.11
		922826	40,375.30		3,645.30
		935097	103,941.80		117,784.30
		933692	100,000.00		
		933696	100,000.00		
		933697	100,000.00		
		932049	100,000.00		
		941189	224,834.42	66,630.92	
		941188	236,190.74	22,805.24	
		723329*	95,890.99	95,890.99	
		723558*	84,897.60	84,897.60	
		724810	128,487.03	8,870.03	
		725672	165,023.61	26,299.11	
		725671*	50,403.18	50,403.18	
		735623	40,490.36	40,490.36	
		734807	178,645.75	7,446.75	
		735624	190,203.64	39,867.34	
		735625	190,831.66	49,639.16	
		738047*	58,675.71	58,675.71	
		740298	237,568.95	91,312.45	
		740299	225,274.73	72,651.23	
		742444	196,063.34	53,253.34	
		5199*	42,169.67	42,169.67	
		9128*	18,014.06	18,014.06	
		9156*	35,886.66	35,886.66	
		15558*	43,248.24	43,248.24	
		15560*	25,857.68	25,857.68	
		22037*	25,857.68	24,238.02	
		22769	273,260.30	78,260.30	
		32299	100,000.00	17,730.81	
32300	189,543.44				
Sub-Total					\$1,199,316.56
MacMeekin & Woodworth	C60114	728633	\$38,290.38	No invoice. Supported by Contracting Officer's Request for Payments.	\$38,290.38
	C50305	728632	55,866.03		55,866.03
	Sub-Total				

Appendix D
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PAYMENTS TO CONTRACTORS NOT ADEQUATELY SUPPORTED

Contractor	Contract No.	Voucher No.	Payment Amount	Deficiencies Noted	Questionable Amount	
Applied Business Ethics International	C60323	938119	\$8,880.00	Most of the other charges such as travel, telephone, lexis charges, and other miscellaneous expenses have no support.	\$8,880.00	
	C60373	720711	8,718.00		8,718.00	
	C70091	721503	1,240.00	Travel charges incurred (covered by voucher nos. 728428, 742480, and 740419) were supported by invalid documents like pro forma invoices instead of airline tickets.	1,240.00	
		724102	12,059.85		9,104.51	
	C70179	728428	10,602.24		9,351.90	
		742480	13,288.14		12,772.50	
		740419	7,486.02		7,390.50	
	300082-OC	20024	7,724.71		7,724.71	
Sub-Total					\$65,182.12	
Verner, Liipfert, Bernhard, Mcpherson & Hand	C60196	925130	\$12,231.61		Other charges such as travel, telephone, outside professional fees, photocopy/telecopy, lexis charges, and other miscellaneous expenses have no support.	\$5,107.11
		925134	41,339.91	11,619.91		
		925135	19,268.85	2,694.35		
		925136	4,742.99	Travel charges incurred in August 1995, November 1995, and June 1997 (covered by voucher nos. 925135, 925137, and 15553, respectively) do not have information on travel dates.	644.49	
		925137	6,055.38		1,022.38	
		925138	5,877.06		1,528.56	
		925139	10,369.85		681.33	
		9268.93	16,968.21		2,784.21	
		726923	2,648.40		5,702.54	
		938406	5,745.28		183.78	
		725980	598.69		6.19	
		738038	1,337.68		265.68	
		2762	10,636.01		1,390.51	
		15553	46,725.29	5,855.29		
		15554	13,020.59	2,762.09		
		15551	527.40	52.40		
		Sub-Total				
TOTAL					\$1,400,955.91	

* Also included in **Finding A** - Professional Services Contracts Procured in Violation of the CNMI Procurement Regulations (see **Appendix C1** - Payments for Services Without a Valid Contract - Preston Gates Ellis & Rouvelas Meeds).

CONTRACTS LACKING ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS FROM OCTOBER 1, 1995 TO MAY 4, 1998
(sorted alphabetically by contractor name)

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)	(6)
									Necessity Not Determined	Price Not Justified	With Advance Payment	Amendment Cost Increase	Scope/Deliverables Not Specific	Repeated Renewals
C60323	07/22/96	Sole Source	GOV	Applied Business Ethics International (ABEI)	67,000.00	Consultation on Strategic Leadership	06/01/96	07/15/96		X	X		X	
C60323	09/18/96	Change Order No. 1	GOV	ABEI	32,500.00	Same as above	-	07/15/97		X			X	
C60373	9/23/96	Sole Source	GOV	ABEI	170,000.00	Same as above	8/11/96	9/4/96		X			X	
C70091	10/25/96	Sole Source	GOV	ABEI	182,000.00	Same as above	10/08/96	10/30/96		X	X		X	
C70091	11/25/96	Change Order No. 1	GOV	ABEI	43,500.00	Same as above	11/1/96	11/9/96		X			X	
C70179	01/28/97	Sole Source	GOV	ABEI	164,000.00	Same as above	12/02/96	03/31/97		X	X			
C70179	04/10/97	Change Order No. 1	GOV	ABEI	124,000.00	Same as above	-	03/31/97		X				
C70179	04/28/97	Change Order No. 2	GOV	ABEI	150,000.00	Same as above	03/31/97	06/30/97		X				
300082- OC	08/11/97	Sole Source	GOV	ABEI	106,500.00	Same as above	05/01/97	09/30/97		X	X			
300082- OC	09/18/97	Change Order No. 1	GOV	ABEI	90,500.00	Same as above	-	09/30/97		X				
300082- OC	09/22/97	Change Order No. 2	GOV	ABEI	60,500.00	Same as above	-	09/30/97		X				
C50242	05/29/96	Change Order No. 2	GOV	Arnold H. Leibowitz	25,000.00	Consulting Services	01/31/96	06/30/96						X
C50242	01/20/97	Change Order No. 3	GOV	Arnold H. Leibowitz	9,871.57	Consulting Services	06/30/96	09/30/96						X
C70056	11/25/96	Sole Source	GOV	Arnold H. Leibowitz	50,000.00	US Immigration & Naturalization Laws	10/01/96	09/30/97	X	X			X	
304828- OC	12/01/97	Change Order No. 1	GOV	Arnold H. Leibowitz	15,000.00	Same as above	10/01/97	12/31/97	X	X			X	X
C60123	01/15/96	Sole Source	GOV	BYT Consulting Services	60,000.00	902 Representation	10/01/95	09/30/96		X			X	
C60123	12/24/96	Change Order No. 1	GOV	BYT Consulting Services	30,000.00	902 Representation	09/30/96	03/31/97		X			X	X
C60123	01/08/98	Change Order No. 2	GOV	BYT Consulting Services	45,000.00	902 Representation	04/01/97	12/31/97		X			X	
C60060	11/15/95	Sole Source	GOV	BYT Consulting Services	50,000.00	Federal Strategy & Local Reforms	10/01/95	02/28/96		X			X	
C60060	02/09/96	Change Order No. 1	GOV	BYT Consulting Services	30,000.00	Same as above	02/28/96	05/31/96		X			X	X
C60060	06/06/96	Change Order No. 2	GOV		40,000.00	Same as above	05/31/96	09/30/96		X			X	X
C70123	11/08/96	Sole Source	OMB	BYT Consulting Services	120,000.00	Same as above	10/01/96	09/30/97		X			X	
C70123	10/23/97	Change Order No. 1	OMB	BYT Consulting Services	30,000.00	Same as above	09/30/97	12/31/97		X			X	
C70222	03/04/97	Sole Source	GOV	Cahn & Associates, Inc.	36,000.00	Consultation on Personnel Mgt. and Administration	10/01/96	09/30/97		X			X	
C70096	11/01/96	Sole Source	GOV	Cahn & Associates, Inc.	60,000.00	Legal & Consulting Services	10/01/96	09/30/97		X		X	X	
304827- OC	12/01/97	Change Order No. 1	GOV	Cahn & Associates, Inc.	25,000.00	no title	10/01/97	12/31/97		X		X	X	X
C70360	6/10/97	Sole Source	DOF	Comnet International	85,449.00	Hospital Billing/Claims Backfile Conversion	4/1/97	9/30/97			X			
C70172	01/14/97	Sole Source	CCA	Daniel H. Nielsen	17,160.00	Implementation Consultant	10/01/96	09/30/97		X				
C60412	3/12/96	Sole Source	SMO	David Wiseman	20,000.00	Legal Services	10/1/95	9/30/96		X			X	
304826-OC	4/2/97	Change Order No. 2	SMO	David Wiseman	15,000.00	Legal Services	10/1/96	9/30/97		X			X	X
304826-OC	1/6/98	Change Order No. 3	SMO	David Wiseman	5,000.00	Legal Services	10/1/97	12/31/97		X			X	X
304826-OC	5/19/98	Change Order No. 4	SMO	David Wiseman	1,137.25	Legal Services	10/1/97	12/31/97		X			X	X

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CONTRACTS LACKING ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS FROM OCTOBER 1, 1995 TO MAY 4, 1998
(sorted alphabetically by contractor name)

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)	(6)
									Necessity Not Determined	Price Not Justified	With Advance Payment	Amendment Cost Increase	Scope/Deliverables Not Specific	Repeated Renewals
C60172	03/13/96	Sole Source	TMO	Don A. Farrell	11,250.00	Consultant Services	01/15/96	03/14/96		X				
C70137	11/26/96	Change Order No. 1	TMO	Don A. Farrell	45,000.00	Consultant Services	10/01/96	09/30/97		X				X
304583-OC	11/18/97	Change Order No. 1	TMO	Don A. Farrell	11,250.00	Consultant Services	10/01/97	12/31/97		X				X
304583-OC	3/30/98	Change Order No. 2	TMO	Don A. Farrell	33,750.00	Consultant Services	1/1/98	9/30/98		X				X
C60025	11/21/95	Change Order No. 1	DPH	Double M Limited	488,000.00	Professional Services	11/15/95	11/14/96			X			
C70106	12/10/96	Sole Source	DPH	Double M Limited	486,588.38	Professional Nurses for Tinian Health Center	11/15/96	11/14/99	X	X				
C70106	01/13/97	Change Order No. 1	DPH	Double M Limited	397,215.00	Same as above	01/15/97	12/14/2000	X	X				
C70106	06/27/97	Change Order No. 2	DPH	Double M Limited	357,493.50	Same as above	03/15/97	03/14/2000	X	X				
C70106	11/30/97	Change Order No. 3	DPH	Double M Limited	(604,492.03)	Same as above	11/30/97	-	X	X				
C50440	10/03/96	Change Order No. 2	DLNR	Dr. Eugene Clothier	30,000.00	Veterinarian Services	07/31/96	01/31/97						X
C50440	05/08/97	Change Order No. 3	DLNR	Dr. Eugene Clothier	30,000.00	Veterinarian Services	02/01/97	07/31/97						X
C50440	08/25/97	Change Order No. 4	DLNR	Dr. Eugene Clothier	10,000.00	Veterinarian Services	08/01/97	09/30/97						X
C50440	11/25/97	Change Order No. 5	DLNR	Dr. Eugene Clothier	20,000.00	Veterinarian Services	09/30/97	01/30/98						X
C60034	11/08/95	Sole Source	GOV	EDR & Associates	42,000.00	Education & Special Projects	10/01/95	09/30/96	X	X			X	
C70055	11/25/95	Sole Source	GOV	EDR & Associates	42,000.00	Education & Special Projects	10/01/96	09/30/97	X	X			X	
C60129	02/28/96	Change Order No. 1	DPH	Gregorio S. Calvo	27,000.00	Hospital Management Consulting	01/16/96	07/16/96						X
C60129	07/29/96	Change Order No. 2	DPH	Gregorio S. Calvo	13,500.00	Same as above	07/16/96	10/15/96						X
C60129		Change Order No. 3	DPH	Gregorio S. Calvo	13,500.00	Same as above	10/16/96	01/15/97						X
C60258	04/25/96	Sole Source	GOV	H.R. & Associates	24,000.00	Management Consultant & External Legislative Liaison	03/12/96	03/12/97		X		X		
C60258	06/26/96	Change Order No. 1	GOV	H.R. & Associates	16,000.00	Same as above	03/12/96	03/12/97		X		X		
C70285	04/04/97	Sole Source	GOV	H.R. & Associates	41,666.70	Same as above	03/13/97	01/13/98	X	X			X	
C60364	09/04/96	Sole Source	GOV	Hay Management Consultant	178,000.00	Wage Review Study	06/01/96	0/31/96		X	X		X	
C60333	1/08/95	Sole Source	GOV	JSF Consulting Services	39,996.00	Consulting Services	10/01/95	09/30/96	X	X			X	
C70075	10/31/96	Sole Source	GOV	JSF Consulting Services	43,992.00	Consulting Services	10/01/96	09/30/97	X	X			X	
C70075	11/18/97	Change Order No. 1	GOV	JSF Consulting Services	43,992.00	Consulting Services	10/1/97	9/30/98	X	X			X	X
C50203	-	Change Order No 1	DPH	Lasco Manpower Services	0.00	Professional Nurses	-	-						
C50203	04/19/96	Change Order No 2	DPH	Lasco Manpower Services	125,000.00	Professional Nurses	02/02/96	08/01/96						X
C60192	03/13/96	Sole Source	DLNR	Lauro Maniacop	21,698.60	Manpower Services	02/22/96	11/22/96		X			X	
C60192	3/20/96	Change Order No. 1	DLNR	Lauro Maniacop	0.00	Manpower Services	10/16/95	7/16/96		X			X	X
C60192	01/24/97	Change Order No. 2	DLNR	Lauro Maniacop	39,000.00	Manpower Services	10/01/96	09/30/97		X			X	X
C70156	01/21/97	Renewal	CSC	Law Office of Eason & Halsell	40,000.00	CSC - Legal Counsel	10/01/96	01/31/97					X	
C70156	05/21/97	Change Order No. 1	CSC	Law Office of Eason & Halsell	19,653.19	CSC - Legal Counsel	01/31/97	-					X	X
C70156	05/06/97	Change Order No. 2	CSC	Law Office of Eason & Halsell	50,000.00	CSC - Legal Counsel	02/01/97	09/30/97					X	X
C70156	10/31/97	Change Order No. 3	CSC	Law Office of Eason & Halsell	50,000.00	CSC - Legal Counsel	10/01/97	09/30/98					X	X

CONTRACTS LACKING ASSURANCE OF BEING NECESSARY AND REASONABLY PRICED BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS FROM OCTOBER 1, 1995 TO MAY 4, 1998
(sorted alphabetically by contractor name)

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)	(6)
									Necessity Not Determined	Price Not Justified	With Advance Payment	Amendment Cost Increase	Scope/Deliverables Not Specific	Repeated Renewals
C60114	01/17/96	Sole Source	GOV	MacMeekin & Woodworth	64,449.81	Legal Services - Fisheries	10/01/95	09/30/96	X	X				
C60114	02/21/97	Change Order No.1	GOV	MacMeekin & Woodworth	64,449.81	Same as above	10/01/96	09/30/97	X	X				X
304132 OC	12/31/97	Sole Source	GOV	MacMeekin & Woodworth	36,000.00	Same as above	10/01/97	12/30/97		X			X	
C50305	11/26/96	Change Order No.1	GOV	MacMeekin & Woodworth	94,900.00	Legal Counsel - 902 Negotiations	04/15/96	04/14/97						X
300126OC	09/22/97	Sole Source	GOV	MacMeekin & Woodworth	50,000.00	Same as above	01/01/97	09/30/97	X	X			X	
C60330	08/02/96	Sole Source	DOF	Magic Software Phils, Inc.	88,000.00	Gov't Health Insurance Claims Processing	06/17/96	09/30/96		X				
C60330	07/30/97	Change Order No.1	DOF	Magic Software Phils, Inc.	193,628.16	Same as above	09/30/96	09/30/97		X				
C60331	8/2/96	Sole Source	DOF	Magic Software Phils, Inc.	117,931.00	Same as above	7/1/96	10/30/96			X			
308017-OC	2/11/98	Sole Source	GOV	Michael Sablan Consulting	30,000.00	Financial Mgt. Consulting	2/5/98	4/30/98		X				
308017-OC	4/14/98	Change Order No. 1	GOV	Michael Sablan Consulting	8,000.00	Financial Mgt. Consulting		9/30/98		X				
308017-OC	7/14/98	Change Order No. 2	GOV	Michael Sablan Consulting	30,000.00	Financial Mgt. Consulting	5/1/98	7/31/98		X				
C60334	08/01/96	Sole Source	GOV	Pete Tenorio	36,000.00	Consultant on Legislative Matters	08/01/96	07/31/97	X	X			X	
C60334	11/17/97	Change Order No. 1	GOV	Pete Tenorio	36,000.00	Same as above	08/01/97	07/31/98	X	X			X	X
C70180	01/23/97	Sole Source	GOV	Phoenix Int'l Consultants	30,000.00	Consulting/Advocacy Services	11/01/96	01/31/97		X	X			
C70301	05/06/97	Sole Source	GOV	Phoenix Int'l Consultants	200,700.00	Same as above	02/01/97	10/31/97		X				
C50388	8/31/95	Sole Source	GOV	Preston, Gates, Ellis & Rouvelas, Meeds	360,000.00	Legal Services Agreement	7/1/95	6/30/96				X		
C50388	07/29/96	Change Order No. 1	GOV	Preston, Gates, Ellis & Rouvelas, Meeds	500,000.00	Legal Services Agreement	06/30/96	09/30/96				X		X
310735-OC	4/30/98	Sole Source	GOV	Preston, Gates, Ellis & Rouvelas Meeds	289,543.44	Legal Services	11/1/97	1/11/98		X			X	
C60266	06/28/96	Sole Source	GOV	Renal Treatment Center Hawaii, Inc.	83,000.00	Physician, Director & Consultation Services	03/01/96	02/28/97						
C60266	04/09/97	Change Order No.1	GOV	Renal Treatment Center Hawaii, Inc.	83,000.00	Same as above	03/01/97	02/28/98						X
C70172	1/14/97	Sole Source	DCCA	Research, Evaluation, and Grants Services	17,160.00	Implementation Consultant	10/1/96	9/30/97			X			
310138-OC	3/23/98	Sole Source	GOV	Robert C. Naraja	5,618.75	Legal Services	6/4/97	7/1/97	X	X				
310141-OC	3/13/98	Sole Source	DOF	Rufin Inos Consulting	60,000.00	Special Consultant to Rev. & Tax	2/17/98	2/27/99		X				

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**CONTRACTS LACKING ASSURANCE OF BEING NECESSARY AND REASONABLY
PRICED BECAUSE OF INADEQUATE PROCUREMENT REGULATIONS
FROM OCTOBER 1, 1995 TO MAY 4, 1998**
(sorted alphabetically by contractor name)

Contract No.	Contract Date	Method	Contracting Agency	Contractor	Contract Amount	Project Title	Effective Date	Expiry Date	(1)	(2)	(3)	(4)	(5)	(6)
									Necessity Not Determined	Price Not Justified	With Advance Payment Amendment Cost Increase	Scope/Deliverables Not Specific	Repeated Renewals	
C60063	11/20/95	Sole Source	DPH	SEAS, Inc.	594,000.00	Professional Nurses	10/01/95	10/01/96	X					
C60063	03/14/96	Change Order No. 1	DPH	SEAS, Inc.	22,590.00	Professional Nurses	11/16/95	04/14/96	X					
C60063	08/22/96	Change Order No. 2	DPH	SEAS, Inc.	22,590.00	Professional Nurses	05/17/96	11/16/96	X					X
C60063	03/14/96	Change Order No. 3	DPH	SEAS, Inc.	39,532.50	Professional Nurses	11/17/96	09/30/97	X					X
C40111	11/30/95	Change Order No. 3	GOV	Stillwell Communications	18,750.00	Consulting Services	10/1/95	12/30/95						X
C60355	8/9/96	Sole Source	DOF	Stillwell Communications	35,000.00	Consulting Services	4/1/96	10/31/96	X	X			X	
C60190	03/13/96	Sole Source	GOV	Stillwell Communications	54,000.00	Consulting Services	01/01/96	09/30/96	X	X			X	
C70057	11/05/96	Sole Source	GOV	Stillwell Communications	72,000.00	Professional Advocacy	10/01/96	09/30/97	X	X			X	
C50412	11/25/96	Change Order No. 1	GOV	Straub Clinic & Hospital, Inc.	0.00	Mammography Reading for CHC	12/31/95	09/30/96						X
C50412	11/25/96	Change Order No. 2	GOV	Straub Clinic & Hospital, Inc.	36,650.00	Same as above	10/1/96	9/30/97						X
C70149	-	Sole Source	GOV	The Lee Solters Company	75,000.00	Public Relations Representation	07/01/96	12/31/96	X	X	X		X	
305559-OC	12/9/97	Sole Source	GOV	Pacific Information Bank	70,795.00	Publication Project	10/1/97	12/31/97		X				
C60196	08/09/96	Change Order No.2	GOV	Verner, Lipfert, Bernhard, McPherson & Hand	50,000.00	Legal Services - Immig. & Labor Issues Representation	06/30/96	06/30/97						X
C70220	2/7/97	Sole Source	TMO	Vicente Sablan	33,750.00	Consulting Services	1/1/97	9/30/97	X	X			X	
C70220	11/6/97	Change Order No. 1	TMO	Vicente Sablan	11,250.00	Consulting Services	10/1/97	12/31/97	X	X			X	X
Total Originals - 47					7,761,459.63	No. of Contracts			16	40	11	3	27	23
Total Change Orders - 57														

Contract Amounts

- (1) \$2,171,682.42
- (2) \$4,684,382.37
- (3) \$1,511,040.00
- (4) \$ 985,000.00 *
- (5) \$2,507,679.18
- (6) \$1,714,776.32

* Original contract amounts totaled \$444,000

NOTICE

Appendices F to H (pages 64 to 80), which contain the auditees' letter responses, have been intentionally omitted in this version of the report to reduce the publication's file size.

These appendices can be obtained by sending e-mail to **rcabigao@opacnmi.com**. When requesting, please indicate the Report Number and Pages requested. You may also request using the request form on our web site at **<http://opacnmi.com>**.

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STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. Require the P&S Director to enforce the general rule that all professional services contracts be procured using the competitive selection procedures for professional services, i.e. proposals are solicited through an RFP. To this end, agencies should ensure that all procurement conducted through the RFP process be awarded based on price and other evaluation factors stated in the RFP and not through appointment. The RFP should be the <i>preferred method</i> of procurement and should not be circumvented by employing the sole source procurement method, unless adequately justified. If sole source is used, the written justification should contain (a) the <i>specific</i> unique capabilities of the contractor selected; (b) the <i>specific</i> reasons why such unique capabilities are required for the particular procurement; (c) what <i>specific</i> efforts were made to obtain competition; and (d) what other <i>specifically-named</i> contractors and other sources, both on-island and off-island, have been considered and why they were not selected. Generalized statements are not adequate, and documents to support the statements justifying the sole source procurement are mandatory.</p>	<p>DOF</p>	<p>Closed</p>	<p>The Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring enforcement of the regulations on competitive selection for procurement of professional services contracts, and on sole source, if applicable. Prior to receipt of the memorandum, (thru verbal instructions from the Secretary), the P&S Director issued a memorandum on May 7, 1999, explaining to all the expenditure authorities the specific requirements of the above regulations and the need to comply with them.</p> <p><i>Further Action Required</i></p> <p>None.</p>
<p>2. The Governor and the Attorney General's Office consider taking appropriate action against former government officials, including the former Governor and the former Secretary of Finance, who violated the CNMI-PR by illegally requesting payments to companies without valid contracts. Such action includes but is not limited to reprimand, suspension without pay, termination of employment, civil injunction, civil suit for damages or return of government money, or criminal prosecution [CNMI-PR Section 6-211 (1)].</p>	<p>Gov. Office</p>	<p>Resolved</p>	<p>The Governor concurred with the recommendation and provided OPA a copy of the memorandum issued on August 17, 1999 to the Acting Attorney General to investigate the conduct of the former government officials cited in the audit report and to recommend what actions should be taken.</p> <p><i>Further Action Required</i></p> <p>The Governor should provide OPA a copy of the results of the review and documents to evidence implementation.</p>
<p>3. Require the DOF - Accounting Section to stop payment for services performed without valid government contracts or prior to completion of contract processing.</p>	<p>DOF</p>	<p>Closed</p>	<p>The Secretary issued a memorandum on August 13, 1999 to the Finance & Accounting Director directing her not to issue payments if contract processing has not been completed or in the absence of a valid contract.</p> <p><i>Further Action Required</i></p> <p>None.</p>
<p>4. Require the P&S Director to enforce compliance with procurement regulations on the use of firm fixed price and for contract review, processing, and oversight. Contracting agencies should be required to comply with procedures for processing contracts and payments.</p>	<p>DOF</p>	<p>Closed</p>	<p>The Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring enforcement of the regulations on the use of firm fixed price, and for contract review, processing, and oversight. Prior to receipt of the memorandum, (thru verbal instructions from the Secretary), the P&S Director issued memoranda on July 15, 1999 explaining to all the expenditure authorities the specific requirements of the above regulations and the need to comply with them.</p>

STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p><i>Further Action Required</i></p> <p>None.</p>
<p>5. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures regulating contract monitoring, to ensure that payments are made only upon submission of evidence of work performed and adherence to contract terms and specifications.</p>	<p>DOF</p>	<p>Resolved</p>	<p>The Secretary of Finance stated that policies on contract monitoring are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director directing him to develop and implement written policies and procedures requiring that expenditure authority/contracting officers perform the contract monitoring activities to ensure payments are made only for documented work performed according to contract terms and specifications.</p> <p><i>Further Action Required</i></p> <p>The Secretary of Finance should provide OPA a copy of the adopted policies and procedures on contract monitoring.</p>
<p>6. The Contracting Agencies with contracts whose scope of work was not performed take steps to 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 Office for legal action.</p>	<p>Gov. Office for Contracts C70180, C70301, C70149, and 305559</p> <p>TMO for Contract C70220</p>	<p>Resolved</p> <p>Resolved</p>	<p>The Governor concurred with the recommendation and provided OPA a copy of the memorandum issued on August 17, 1999 to the Acting Attorney General requesting her to review the details of those specific contracts which were paid even though the scope of work was not performed, and to take appropriate actions to recover any payments made for work not performed.</p> <p><i>Further Action Required</i></p> <p>The Governor should provide OPA copies of documents showing recovery of payments (including interest) from the erring contractors.</p> <p>The Counsel to the Tinian Mayor concurred with the recommendation and provided OPA a copy of the memorandum issued on July 16, 1999 to the Acting Attorney General requesting legal action against Mr. Sablan to recover the money paid to him. In addition, the Counsel to the Tinian Mayor provided OPA an outline of the contract monitoring process which TMO has established as a stopgap measure while awaiting the interim or final revised procurement regulations still not completed.</p> <p><i>Further Action Required</i></p> <p>TMO should provide OPA copies of documents showing recovery of payments (including interest) from the erring contractor.</p>

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STATUS OF RECOMMENDATIONS

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>7. Issue a memorandum instructing the DOF - Accounting Section to recover the nearly \$1.49 million overpayments by requesting contractors to return the amount overpaid. Of this amount, \$87,096.02 is immediately recoverable and \$1,400,955.91 is recoverable unless adequately supported by the contractors. If a contractor refuses to cooperate or repay the funds, the matter should be referred to the Attorney General's Office for legal action.</p>	<p>DOF</p>	<p>Resolved</p>	<p>The Secretary of Finance issued a memorandum on August 13, 1999 to the Finance and Accounting Director directing her to investigate the nearly \$1.49 million overpayments cited in the report.</p> <p><i>Further Action Required</i></p> <p>The Secretary of Finance should provide OPA copies of documents showing results of investigation and recovery of the overpayments.</p>
<p>8. Issue a memorandum instructing the DOF - Accounting Section to adequately review future billing statements for all contractors before making payments. DOF should not rely solely on the accuracy of billing statements submitted by contractors and requests for payment from contracting officers. Previous payments to contractors should be considered and all computations should be double checked. DOF should reject any request for payment with missing or inadequate supporting documents, to ensure that only legitimate expenses are paid.</p>	<p>DOF</p>	<p>Closed</p>	<p>The Secretary of Finance issued a memorandum on August 13, 1999 to the Finance and Accounting Director directing her to review future billing statements from all professional service contractors to ensure their accuracy.</p> <p><i>Further Action Required</i></p> <p>None.</p>
<p>9. Take action to address our pending recommendations relating to the development and implementation of written policies and procedures which would require pre-contract analysis; limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.</p>	<p>DOF</p>	<p>Resolved</p>	<p>The Secretary of Finance stated that policies which would require pre-contract analysis, limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals are included in the proposed revisions to the CNMI procurement regulations currently under review by DOF and AGO. In the meantime, the Secretary issued a memorandum on August 13, 1999 to the P&S Director requiring development and implementation of written policies and procedures that require pre-contract analysis, limit granting of advance payments; and regulate costs, scope of work and deliverables, and contract renewals.</p> <p><i>Further Action Required</i></p> <p>The Secretary of Finance should provide OPA copies of the adopted policies and procedures.</p>

