



# Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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August 15, 2001

Ms. Lucy DLG. Nielsen  
Secretary, Department of Finance  
P.O. Box 5234 CHRB  
Saipan, MP 96950

Dear Ms. Nielsen:

**Subject: Final Letter Report on the Audit of Government Revenues from the CNMI Lottery Operations for the Fourth Quarter of Fiscal Year 1999 (Report No. LT-01-06)**

This letter report presents the results of our audit of government revenues from the Commonwealth of the Northern Mariana Islands (CNMI) lottery operations for the fourth quarter of Fiscal Year 1999. The objective of the audit was to determine whether government lottery revenues were accurately computed in accordance with the Memoranda of Understanding (MOUs) and related agreements between the CNMI Government, as represented by the Department of Finance (DOF), and the three current CNMI lottery operators<sup>1</sup>, referred as Operators A, B, and C in the report.

Lottery revenues for the period totaled \$172,659 (**Appendix A**). Our audit showed that DOF balances in the lottery bank and revenue accounts as of September 30, 1999 were not accurately stated because some transactions were not recorded in the proper accounting period. DOF has subsequently recorded adjusting entries to recognize the revenues in the proper period. Our audit also showed that two operators of the Jueteng "number game" had sold tickets with different number series as well as different colors and formats, making it almost impossible to account for the actual number of tickets sold. Accordingly, there was no assurance that government lottery revenues received from the two operators were complete. This control weakness was also noted in prior OPA audits. New controls were implemented beginning Fiscal Year 2000 to ensure that lottery revenues are properly recognized, received, and recorded.

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<sup>1</sup> In accordance with statutory restrictions in the Auditing and Ethics Acts, names of individuals and corporations are not disclosed in this report.

We recommend that the Secretary of Finance: (1) instruct the DOF Finance and Accounting Division to make adjustments to the CNMI lottery bank and revenue accounts to record reconciling adjustments of \$7,609; and (2) instruct Operator B and the DOF Finance and Accounting Division to fully implement the amendments (Rules 24 and 25) relating to control procedures to help ensure that all government lottery revenues received from operators of the Jueteng “number game” are reported.

In her letter response (**Appendix B**) dated July 3, 2001, the Secretary of Finance concurred with the recommendations, and provided OPA a copy of the letter issued and adjusting journal entries made to address the recommendations. Based on the response we received from the Secretary, we consider Recommendation 1 closed, and Recommendation 2 resolved pending the implementation of the internal control procedures. The additional information or action required to close the recommendation is presented in **Appendix C**.

## **BACKGROUND**

### *The CNMI Lottery*

The Commonwealth Lottery Commission (Commission) was established by Public Law 3-60 (1 CMC §9301 et seq.) in 1983 to supervise, organize, and operate a public lottery in the Commonwealth. The public lottery was to be administered and operated to produce the maximum amount of net revenues for the Commonwealth consonant with the general welfare of the people. Public Law 3-60 defined a “public lottery” as a gambling scheme in which:

- (a) the players pay or agree to pay something of value for chances, represented and differentiated by numbers or by combinations of numbers or some other medium, one or more of which chances are to be designated the winning ones;
- (b) the winning chances are to be determined by a drawing or by some other method based on an element of chance; and
- (c) the holders of the winning chances are to receive something of value.

Pursuant to Public Law 3-60, the Commission was to consist of: (a) the Secretary of Finance or his designee; (b) the Attorney General or his designee; and (c) the Director of Commerce and Labor or his designee. However, effective August 24, 1994, Executive Order 94-3 abolished the Commission, transferred all commission functions to the Department of Finance, and limited the functions of the Attorney General and the Secretary of Commerce as advisors to the Secretary of Finance.

### *CNMI Lottery Operators*

The CNMI Government, through the former Commonwealth Lottery Commission and DOF, has issued lottery operator licenses to three companies. Of the three, only two (the second and third licensees) are actually conducting their own lottery operations. The first licensee assigned

its privilege to operate to another party. The four parties involved in lottery operations are referred to as Original Lottery Operator Licensee (the first licensee which assigned its operation to an operator), Operator A (the designated operator of first licensee), Operator B (second licensee), and Operator C (third licensee).

#### Original Lottery Operator Licensee and Subsequent Assignment of Lottery License to Operator A

On July 29, 1993, an Australian firm became the first or the Original Lottery Operator Licensee (Original Licensee) in the CNMI. It was issued a lottery operator's license for the exclusive right to conduct all public lotteries in the CNMI for the ten-year period ending July 28, 2003. The firm was also allowed to appoint accredited representatives to sell lottery games.

The Original Licensee had a sole accredited and authorized representative firm (Operator A) managing overseas lottery operations. After Operator A incorporated a subsidiary firm in the CNMI on September 1, 1993, it also became the Original Licensee's sole accredited and authorized representative responsible for managing lottery operations in the CNMI. Operator A started lottery operations on October 14, 1993. It offers two types of games to the public namely:

- “On-Line Games” - These games employ electronic equipment to administer play. A player may select: (1) a combination of numbers to be played; (2) the type of game to be played; and (3) the amount of play for one or more specified drawing dates. Operator A then conducts a random drawing whereby pursuant to chance the winning combinations of numbers are selected and used to determine award of prizes.
- “Instant Tickets” - This is a lottery game in which the player purchases a ticket with a shaded play area. The play area contains numbers or symbols which, when revealed (by scratching the shading material), determines whether one or more prizes have been won by the player. The numbers or symbols are printed so that the amount of prizes to be distributed are predetermined with prizes awarded on a random basis.

In June 1998, the Original Licensee opted to exercise its termination rights alleging that the CNMI Government had breached the exclusive lottery license by granting additional “exclusive lottery license(s)” to other entities. By June 30, 1998, the Original Licensee ceased selling its lottery games in the CNMI, but on the same date DOF agreed to assign the Original Licensee's lottery license to Operator A. Based on the terms of the assignment, Operator A offered to continue selling lottery games [from other lottery jurisdictions] with the CNMI Government continuing to share in the revenues on a basis equivalent to terms of the original licensing agreement.

#### Operator B

Operator B was issued a lottery operator's license for the period December 12, 1997, to July 28, 2003. The license granted Operator B the exclusive right to sell tickets for a public lottery

game called “Jueteng.” Operator B began lottery operations on September 15, 1997, under a temporary license issued by the DOF. Operator B offers two types of Jueteng games:

- “Two Number Game” - This game is played using tickets sold to players by Operator B’s authorized sellers. Each ticket, printed in triplicate, contains the numbers 1 to 38. A player selects and writes two numbers in two designated boxes. The player retains a copy of the ticket, the seller keeps the duplicate, and then the seller turns the triplicate copy into Operator B’s office where the daily drawing is held.
- “One Number Game” - This game is also played using the same type of tickets and procedures used for the “two number games.” However, as the name of the game implies, the player selects only one number, and the winning prize is smaller.

Operator B conducts daily lottery drawings in its office between about 11:00 p.m. and midnight.

Operator C

Operator C was issued a lottery operator’s license for the five year period ending January 8, 2003. Its license also granted Operator C the right to sell and to conduct a daily drawing of winning tickets for the Jueteng games identical to those conducted by Operator B, as described above.

Operator C ceased operations on March 21, 2000.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our audit objective was to determine whether government revenues from CNMI lottery operations were accurately computed in accordance with the individual MOUs and terms of agreements between the CNMI Government and the three CNMI lottery operators.

We conducted this audit at the offices of the three lottery operators and at DOF (representing the CNMI Government) on Saipan between January 6, 2000 and March 31, 2000. The scope of the audit was limited to government revenues generated from the CNMI lottery operations for the fourth quarter of Fiscal Year 1999.

To accomplish our objective, we independently computed government lottery revenues and compared such revenues earned with amounts DOF had received.

- For Operator A’s games, we determined whether subscription prices of all on-line games sold and instant game tickets shipped into the CNMI were accurately included in the computation base for government revenues. We relied on the weekly summary reports submitted by an accountant, hired by Operator A, to determine subscription prices of on-line games. We also

conducted physical counts of instant game tickets and, on a test basis, verified whether tickets sold were among those included in our physical count.

- For Jueteng games conducted by Operators B and C, we reviewed the General Cashier's Recap Reports and the Daily Activity Reports, respectively. We also verified, on a test basis, whether the amount of lottery sales reported to DOF reconciled with the lottery tickets sold based on OPA's count of tickets. For all the games, we reviewed DOF records and bank statements to verify the recording and receipt of government lottery revenues.

Government Auditing Standards require that organizations conducting government audits should have an external quality control review at least once every three years. OPA's last review was conducted in October 1997 when the office received a full compliance rating. An external quality control review is scheduled later this year. Except for the timeliness of an external quality control review as noted, this audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, we conducted such tests of records and other auditing procedures as we considered necessary.

As part of our audit, we evaluated DOF's internal controls over the computation, receipt, and recording of government revenues, as well as those for ensuring the completeness of lottery sales. We found weaknesses in those areas discussed in the Findings and Recommendations section of this report. Our recommendations, when implemented, should improve controls in these areas.

## **PRIOR AUDIT COVERAGE**

OPA began conducting quarterly audits of CNMI lottery operations in March 1994. Accordingly, the comparative annual revenues for Fiscal Years 1998 and 1999 as shown in **Appendix A** are based on audited amounts.

## **FINDINGS AND RECOMMENDATIONS**

### **A. Government Revenues were Understated by \$216**

Government revenues from the CNMI lottery operations should be computed in accordance with the individual MOUs and related agreements between the CNMI Government and lottery operators. Our audit showed that government revenues from the CNMI lottery operations for the fourth quarter of Fiscal Year 1999, were understated by \$216 due to a computation error on the part of a lottery operator. This occurred because Operator A computed government revenues from one of the "on-line games" using a 26.5 percent compensation rate instead of the required minimum 35 percent. As a result, government lottery revenues needed to be increased by \$216 to \$172,659. We made no recommendation on this matter because the lottery operator has subsequently taken the needed corrective action.

## **B. No Assurance of Completeness of Government Revenues**

Accurate computation and reporting of government lottery revenues by the CNMI lottery operators is predicated on having adequate procedures to ensure the completeness of lottery sales. Our audit of government revenues from the CNMI lottery operations for the fourth quarter of Fiscal Year 1999, ended September 30, 1999, showed however, that operators of the Jueteng “two number game” sold tickets with different number series as well as different colors and formats, making it impossible to account for the actual number of tickets sold. This occurred because the lottery operators and DOF did not employ control procedures that can assist in verifying lottery sales reported to DOF. Accordingly, there was no assurance that government revenues received from operators of the “two number game” were complete. This control weakness was also noted in prior OPA audits. New controls were implemented beginning Fiscal Year 2000 to ensure that lottery revenues are properly recognized, received, and recorded.

### ***Monitoring of Lottery Sales***

Control procedures should be established to ensure the completeness of lottery sales; otherwise the CNMI has no assurance that government revenues computed and reported by CNMI lottery operators are accurate. Lottery operators should be required to ensure that tickets printed and issued to agents are controlled, and that sold and unsold tickets are accounted for regularly. Without such a procedure, lottery sales can be understated without detection. We believe such a procedure should involve the use of monitoring log sheets, signed by the printing company and lottery operator or agents, that are subsequently reviewed by DOF. New control procedures to improve monitoring of lottery ticket sales were implemented beginning Fiscal Year 2000.

#### **Operator C Lottery Sales**

DOF maintained Daily Activity Reports, prepared by Operator C’s accountants, that contain information on the daily lottery ticket transactions as follows: tickets sold, gross income derived, prizes paid, prizes unclaimed, computation of commissions due to the government, amount of commissions credited against the Business Gross Receipt Tax, and any additional commissions.

OPA attempted, on a test basis, to verify whether lottery sales reported to DOF could be reconciled with the lottery tickets sold. Our review revealed immaterial discrepancies. We noted that it was not possible to account for the actual number of tickets sold because Operator C sold tickets using a different number series and not in sequence; and that various types of tickets were printed, i.e., in different colors; and with different formats, i.e., either in 4 or 5 quantities per ticket number (assigning A to D or A to E, respectively after the number). For example, in our previous quarter’s review of lottery tickets sold during three consecutive days, we noted that ticket series #841111 to 841128 was sold on March 11, 1998, while ticket #8133760 - a higher seven-digit number - was sold on March 9, 1998. The ticket series in between these numbers, which would account for about 29 million tickets, was not included as tickets sold on the selected days we tested. Also, we found that the ticket series between these two tickets – #152650 sold on

March 11, 1998 and ticket #493276 sold on March 9, 1998 – accounted for about 1 million tickets but were not included as tickets sold for the selected days we tested. This occurred because the lottery operators and DOF did not employ the needed control procedures to assist in verifying lottery sales reported to DOF. Accordingly, there was no assurance that government revenues received from Operator C were complete.

#### Operator B Lottery Sales

DOF maintained General Cashier's Recap reports prepared by Operator B's accountants that include information on daily lottery ticket transactions such as each cashier's collections from tickets sold, computation of commissions due to the government, and details of prizes paid per agent.

OPA verified, on a test basis, whether the amount of lottery sales reported to DOF reconciled with the lottery tickets sold. Our review revealed immaterial discrepancies. As with Operator C, we could not account for the actual number of tickets sold because Operator B sold tickets using various non-sequentially numbered series tickets printed in various colors. This occurred because the lottery operators and DOF did not employ control procedures to assist them in verifying lottery sales reported to DOF. Accordingly, there was no assurance that government revenues received from Operator B were complete.

#### ***Adoption of the Control Procedures for the Lottery Operations of the Number Games***

In response to OPA's previous audits of lottery revenues, the Secretary of Finance has developed procedures and monitoring log sheets to ensure that tickets printed and issued to agents are controlled, and that sold and unsold tickets for the Jueteng number games are accounted for regularly. The procedures were included in CNMI Lottery rules and regulations published in the Commonwealth Register on June 20, 2000.

#### ***Recording of Government Revenues***

We reviewed DOF accounting records to determine if government lottery revenues were accurately recorded and deposited in the CNMI lottery bank account. We also reconciled DOF revenues and bank balances with the adjusted balances, and subsequently identified several adjustments that DOF needed to make. Except for the \$7,609 in revenue from Operator A (representing 2nd quarter FY 1999 revenue of \$7,584 not yet recorded by DOF, and 4th quarter FY 1999 other income of \$25 not yet deposited in the CNMI lottery bank account and recorded by DOF), all reconciling items were adjusted after the quarter under audit<sup>2</sup>. A summary of the reconciliation follows.

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<sup>2</sup> Based on documents obtained by OPA which were as of September 30, 2000.

Particulars	Lottery Bank Account	Total Revenues
Unadjusted DOF Balances - 9/30/99	\$963,455	\$769,394
Reconciling Items:		
1. Prior year error adjusted (deducted from revenues) in FY 1999		1,101
2. Error in recording of government revenues from Operator C, per audit <sup>a</sup>	40	40
3. Government revenues earned and deposited in prior year recorded by DOF on 9/30/99		
Commissions		
- 1st Quarter FY 1998 - Operator B		(3,946)
- 2nd Quarter FY 1998 - Operator B		(4,273)
- 3rd Quarter FY 1998 - Operator B		(4,807)
- 4th Quarter FY 1998 - Operator A - Instant Tickets		(3,133)
License Fees of Operator C		
- 2nd Quarter FY 1998		(37,500)
- 3rd Quarter FY 1998		(37,500)
- 4th Quarter FY 1998		(12,500)
4. Government revenues deposited in FY 1999 but not recorded by DOF as of 9/30/99 <sup>a</sup>		
- 3rd Quarter FY 1999 - Operator A - Instant Tickets	1,908	1,908
- 3rd Quarter FY 1999 - Other Income	13	13
- 4th Quarter FY 1999 - Operator A - Instant Tickets	4,367	4,367
5. Government revenues earned and recorded by DOF not yet deposited as of 9/30/99 <sup>b</sup>	(1,331)	
6. Accrual of government revenues in FY 1999 <sup>c</sup>		
- 2nd Quarter FY 1999 - Operator A - Instant Tickets		7,532
- 2nd Quarter FY 1999 - Other Income		52
- 4th Quarter FY 1999 - Operator A - Instant Tickets		5,444
- 4th Quarter FY 1999 - Other Income		25
7. Understatement of government revenues of Operator A, per audit <sup>d</sup>		
- 1st Quarter FY 1999		232
- 2nd Quarter FY 1999		201
- 3rd Quarter FY 1999		229
- 4th Quarter FY 1999		216
Adjusted Balances - 9/30/99	\$968,452	\$687,095

Notes:

a. Recorded by DOF on October 1, 1999.

b. Deposited in October 1999, after the quarter under audit.

c. Recorded by DOF on June 2, 2000, except for the \$7,532 commissions from Operator A and \$77 other income.

d. Deposited by Operator A on December 9, 1999 and recorded by DOF on May 12, 2000.

## Conclusion and Recommendations

Government revenues were understated by \$216 due to Operator A's computation error. Also, there was no assurance that government revenues received from two operators were complete.

We recommend that the Secretary of Finance:

1. Instruct the DOF Finance and Accounting Division to make adjustments to the CNMI lottery bank and revenue accounts to record reconciling adjustments of \$7,609; and
2. Instruct Operator B and the DOF Finance and Accounting Division to fully implement the amendments (Rules 24 and 25) relating to control procedures to help ensure that all government lottery revenues received from operators of the Jueteng "number game" are reported.

### *DOF Response*

In her letter response (**Appendix B**) dated July 3, 2001, the Secretary of Finance concurred with the recommendations.

*Recommendation 1* - The Secretary of Finance stated that her office had notified Operator A, on July 3, 2001, to transmit the \$25 in unremitted revenues to DOF, and had made the necessary journal entries to adjust the \$7,584 reconciling items noted by the audit. DOF will record collection of the \$25 additional commission upon receipt of confirmation that the amount has been deposited.

*Recommendation 2* - The Secretary of Finance stated that pursuant to the Lottery Regulations, DOF will initiate a review of Operator B's lottery documents beginning with the first quarter of Fiscal Year 2000.

### *OPA Comments*

Based on the response we received from the Secretary, we consider Recommendation 1 closed, and Recommendation 2 resolved pending the implementation of the internal control procedures. The additional information or action required to close the recommendation is presented in **Appendix C**.

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OPA has implemented an audit recommendation tracking system. All audit recommendations will be included in the tracking system as open or resolved until we have received evidence that the recommendations have been implemented. An *open* recommendation is one where no action or

plan of action has been made by the client (department or agency). A *resolved* recommendation is one in which OPA is satisfied that the client cannot take immediate action, but has established a reasonable plan and time frame of action. A *closed* recommendation is one in which the client has taken sufficient action to meet the intent of the recommendation, or we have withdrawn it.

Please provide us the status of recommendation implementation within 30 days along with documentation showing the specific actions taken. If corrective actions will take longer than 30 days, please provide us additional information every 60 days until we notify you that the recommendation has been closed.

Sincerely,



Michael S. Sablan  
Public Auditor

xc: Governor  
Lt. Governor  
Twelfth CNMI Legislature (27 copies)  
Attorney General  
Special Assistant for Management and Budget  
Press Secretary  
Operator A General Manager  
Operator B President  
Operator C President  
Media

**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
DEPARTMENT OF FINANCE**

**SCHEDULE OF GOVERNMENT REVENUES FROM THE CNMI LOTTERY OPERATIONS  
FOR THE FOURTH QUARTER OF FISCAL YEAR 1999 AND FISCAL YEARS' 1998 AND 1999**

Lottery Games	Number of Games or Tickets Sold	Amount Subject to Commissions	Commission Rate	Revenues Fourth Quarter 1999	Total Revenues FY 1999	Total Revenues FY 1998
Operator A:						
On-line Games						
- Saturday	45,543	\$11,811	0.350	\$4,134	\$16,018	\$28,571
- Oz Lotto	2,106	1,368	0.350	479	2,249	5,841
- Power ball	2,757	897	0.350	314	1,597	-
- Mid-Week	2,575	422	0.350	148	505	188
- Keno	3,292	2,013	0.370	744	2,985	7,499
Sub-Total	56,273	16,511		5,819	23,354	42,099
Instant Tickets						
- Five Dollars	1,500	4,778	0.265	1,266	12,027	2,448
- Two Dollars	-	-	0.265	-	-	3,604
- One Dollar	34,175	34,175	0.250	8,544	34,819	85,658
Sub-Total	35,675	38,953		9,810	46,846	91,710
Total Operator A	91,948	55,464		15,629	70,200	133,809
Operator B:						
Two Number	405,701	405,701	0.100	40,570	161,530	175,945
One Number	114,797	114,797	0.050	5,740	17,071	14,400
License Fees	-	-	-	37,500	150,000	150,000
Total Operator B	520,498	520,498		83,810	328,601	340,345
Operator C:						
Two Number	284,889	284,889	0.100	28,489	110,970	114,427
One Number	72,961	72,961	0.050	3,648	10,924	4,841
License Fees	-	-	-	37,500	150,000	112,500
Total Operator C	357,850	\$357,850		69,637	271,894	231,768
Interest/Other Income				3,583	16,400	12,296
GRAND TOTAL				\$172,659	\$687,095	\$718,218



**Office of the Secretary  
Department of Finance**

P.O. Box 5234 CHRB SAIPAN, MP 96950

TEL. (670) 664-1100 FAX: (670) 664-1111

July 3, 2001

Mr. Michael S. Sablan  
CNMI Public Auditor  
Office of the Public Auditor  
Commonwealth of the Northern  
Mariana Islands  
Saipan, MP. 96950



SFL01-297

**RE: Response to Draft Audit Report On The Audit of Government Revenues  
From The CNMI Lottery Operations for the Fourth Quarter of Fiscal Year  
1999 Ending September 30, 1999**

Dear Mr. Sablan,

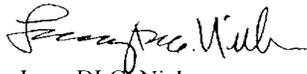
This letter responds to the audit letter report on the audit of government revenues from the operations of the CNMI Lottery for the fourth quarter of Fiscal Year 1999.

The following is our specific response to your recommendations:

1. We faxed a letter to George Herman, the Finance Manager for The Mail Service (TMS) on July 3, 2001 requesting that they remit the \$25 BGRT that was not remitted to the CNMI Government for Happy Cash postcard instant tickets that were shipped to the CNMI Lottery shop in Susupe in July 1999. A copy of the letter is enclosed for your reference. We will also provide your office a copy of the Bank Statement and Journal entry as soon as TMS remits payment to the CNMI Government's General Lottery Bank account at Bank of Guam.
2. Please see enclosed copy of Journal entry as of May 31, 2001 in the amount of \$8,428.38 which includes the \$7,583.83 unrecorded revenues from TMS for computation errors on the Keno game.
3. Pursuant to the Lottery Regulation, specifically Rule 24 and 25 of the Jueteng Operations, the Department of Finance will commence review of NIL's lottery documents beginning 1<sup>st</sup> quarter of Fiscal Year 2000, ending December 31, 2000.

Should you need additional information or have any questions, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Lucy DLG. Nielsen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Lucy DLG. Nielsen  
Secretary of Finance



**Office of the Secretary  
Department of Finance**

P.O. Box 5234 CHRBSAIPAN, MP 96950

TEL. (670) 664-1100 FAX: (670) 664-1115

July 3, 2001

Mr. George Herman  
Finance Manager  
TMS Global Lottery Services  
P.O. Box 2937 DD G.P.O  
Melbourne, VIC.3001 Australia

SFL 2001-298

**RE: \$25 Un-remitted Revenues (BGRT-Happy Cash)**

Dear Mr. Herman,

The CNMI Public Auditor is currently auditing the Lottery Operations for Quarter ending September 30, 1999. Based on their review of the Instant Ticket received, there was a \$25 BGRT from Happy Cash postcard that was not remitted to the CNMI Lottery Bank account at Bank of Guam. Please refer to DHL airway bill # 343 6758 430 & # 343 6905 264 in July 1999.

Please adjust your records and remit the BGRT due the CNMI Government to the General Lottery Account at Bank of Guam as soon as possible.

If you have any questions or need more clarification, give us a call or fax the information to (670) 664-1115.

Sincerely,

  
Lucy DLG. Nielsen  
Secretary of Finance

cc: Michael S. Sablan, CNMI Public Auditor

**DEPARTMENT OF FINANCE  
AUDIT OF GOVERNMENT REVENUES FROM THE CNMI LOTTERY OPERATIONS  
FOR THE FOURTH QUARTER OF FISCAL YEAR 1999**

**STATUS OF RECOMMENDATIONS**

Recommendations	Agency to Act	Status	Agency Response/ Action Required
<p>1. The Secretary of Finance should instruct the DOF Finance and Accounting Division to make adjustments to the CNMI Lottery bank and revenue accounts to record reconciling adjustments of \$7,609.</p>	DOF	Closed	<p>The Secretary of Finance concurred with the recommendation and stated that her office had notified Operator A, on July 3, 2001, to transmit the \$25 in unremitted revenues to DOF, and had made the necessary journal entries to adjust the \$7,584 reconciling items noted by the audit. DOF will record the collection of the \$25 additional commission upon receipt of confirmation that the amount has been deposited.</p>
<p>2. The Secretary of Finance should instruct Operator B and the DOF Finance and Accounting Division to fully implement the amendments (Rules 24 and 25) relating to control procedures to help ensure that all government lottery revenues received from operators of the Jueteng "number game" are reported.</p>	DOF	Resolved	<p>The Secretary of Finance concurred with the recommendation and stated that pursuant to the Lottery Regulations, DOF will initiate a review of Operator B's lottery documents beginning with the first quarter of Fiscal Year 2000.</p> <p>Further Actions Required</p> <p>Provide OPA copies of documents evidencing that Operator B and DOF implemented the adopted rules and regulations for the operation of the Jueteng Game.</p>