



# Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

World Wide Web Site: <http://opacnmi.com>

2nd Floor J. E. Tenorio Building, Chalan Pale Arnold  
Gualo Rai, Saipan, MP 96950

Mailing Address:  
P.O. Box 501399  
Saipan, MP 96950

E-mail Address:  
[mail@opacnmi.com](mailto:mail@opacnmi.com)

Phone: (670) 234-6481  
Fax: (670) 234-7812

## REPORT ON CNMI AGENCIES' IMPLEMENTATION OF AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2001 (with agency responses up to April 12, 2002 incorporated)

May 16, 2002

Interagency Audit Coordinating Advisory Group  
Saipan, MP 96950

Enclosed is a copy of the report on CNMI agencies' implementation of audit recommendations included in audit reports issued by the Office of the Public Auditor (OPA) as of December 31, 2001. For calendar year 2001, OPA issued 10 audit reports to various departments and agencies of the Commonwealth Government which set forth a total of 37 recommendations. The 37 recommendations were in addition to the 162 recommendations outstanding at the beginning of the year, making a total of 199 recommendations tracked for the year.

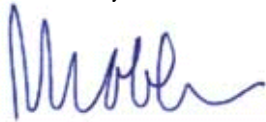
We have also included in this report recommendations issued by private CPA firms. As of December 2001, CPA firms issued 12 audit reports on the internal control structure and compliance with laws and regulations, 10 of which set forth a total of 122 recommendations.

In addition to audit reports, OPA also issued in 2001 seven procurement reports, *i.e.*, decisions on appeals and requests for reconsideration as well as seven special reports which include management letters, testimonies, compilation, and surveys.

Although the Interagency Audit Coordinating Advisory Group members did not meet in 2001, OPA sent follow-up letters and conducted telephone follow-ups requesting various government agencies to provide information as to what actions were taken toward addressing the outstanding recommendations. Meetings on various dates were held with government agencies to discuss and clarify actions to be taken to address outstanding recommendations. This report incorporates the results of those meetings and the responses to follow-up letters which OPA received on or before April 12, 2002. The meetings and follow-up letters resulted in the closure of some recommendations and the reduction of delinquent recommendations.

In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals and entities in the audits are not disclosed in this report.

Sincerely,

A handwritten signature in blue ink, appearing to read "MS Sablan".

Michael S. Sablan, CPA  
Public Auditor

xc: Governor Juan N. Babuata  
Lt. Governor Diego T. Benavente  
Members, Thirteenth CNMI Legislature (25 copies)  
Local Media

# Table of Contents

<b>Introduction</b> .....	<b>v</b>
<b>Status of Audit Recommendations</b> .....	<b>vii</b>
<b>Executive Branch Offices and Departments</b> .....	<b>1</b>
<b>Office of the Governor</b> .....	<b>2</b>
Audit of Procurement of Professional Services by the Office of the Special Assistant for Drug and Substance Abuse (AR-97-11) .....	2
Audit of Professional Services Contract with the CNMI's Former Acting Attorney General (AR-98-05) .....	3
Audit of the Maintenance and Use of the Challenger Since its Purchase in 1995 (LT-01-02) .....	4
<b>Community and Cultural Affairs</b> .....	<b>6</b>
Office of Aging, Misuse of Resources (LT-99-08) .....	6
<b>Finance</b> .....	<b>9</b>
Abuse of Government Time by a Technical Financial Analyst (LT-98-07) .....	9
Audit of Misuse of Funds by the Former Secretary of Finance (AR-98-06) .....	10
Audit of Double Payments of 1995 Corporate Tax Rebates to Eleven Taxpayers in Fiscal Year 1997 (LT-00-02) .....	11
Audit of Government Revenues from the CNMI Lottery Operations For the Fourth Quarter of Fiscal Year 1999 (LT-01-06) .....	13
<b>Lands and Natural Resources</b> .....	<b>14</b>
Division of Fish and Wildlife, Audit of Two DFW Employees' Time and Attendance and Whether their Arrangement with DFW was Consistent with the Pacific Islands Education Initiative (LT-00-04) .....	14
DLNR, Audit of Agreement with a Submerged Land Lessee for Operating the Outer Cove Marina from May 1993 to October 1998 (AR-01-02) .....	16
<b>Public Health</b> .....	<b>20</b>
Rota Health Center Director's Claims Against the Rota Health Center (AR-97-06) .....	20
Developmental Disabilities Council, Audit and Investigation of Misuse of Funds and Resources of DDC (AR-97-07) .....	22
Audit of DPH's Granting of Unequal Salaries to Social Worker Employees (LT-99-06) .....	24
<b>Public Safety</b> .....	<b>26</b>
Bureau of Motor Vehicles, Driver's Licensing and Vehicle Registration Activities (AR-94-05) .....	26
Audit of the Department of Public Safety's Confidential Informant Fund And Prostitution Fund for Fiscal Year Ended September 30, 1999 (LT-01-08) .....	27
<b>Public Works</b> .....	<b>29</b>
Audit of the Land Survey Contract for the Tinian Road Resurfacing Project for Fiscal Year 1997 (AR-00-01) .....	29

**Municipalities . . . . . 31**

Saipan . . . . . 32  
 Office of the Mayor, Audit of Time and Attendance  
 at the SMO's Administrative Division and Mechanic Shop,  
 May 22 and May 29, 1998 (LT-99-02) . . . . . 32  
 Audit of Cash Receipts and Disbursements of the 1999 Liberation Day Committee  
 From April 1 to October 31, 1999 (LT-01-03) . . . . . 33

Rota . . . . . 35  
 Office of the Mayor, Audit of Compliance with Authorized Number of  
 Full Time Employee Positions (LT-98-11) . . . . . 35  
 Audit of Alleged Coercive Actions Taken Against Employees and the  
 Misuse of Government Funds Both During the Term of the Former  
 Mayor of Rota (LT-00-09) . . . . . 36

Tinian . . . . . 37  
 Investigation of a Motor Vehicle Leased by the Tinian Mayor's Office (LT-95-06) . . . . . 37  
 Office of the Mayor, Audit of Operations (AR-96-01) . . . . . 38

**CNMI-Wide Audits . . . . . 39**

CNMI Single Audit  
 Independent Auditors' Report on Internal Control Structure and on Compliance  
 For the Year Ended 9/30/00 . . . . . 40

Executive Branch Contracts  
 Audit of Professional Services Contracts from October 1991 to July 1995 (AR-97-05) . . . . . 47  
 Audit of Professional Services Contracts from October 1, 1995  
 to May 4, 1998 (AR-99-04) . . . . . 50

CNMI Government Compliance Audits  
 Review of CNMI's Compliance with Government Vehicle Act and  
 Regulations (AR-98-02) . . . . . 54  
 Audit of CNMI Government Employees' Time and Attendance,  
 July 1995 to June 1997 (AR-98-03) . . . . . 58  
 Compilation of CNMI Government-Paid Travel for Fiscal Year 1997 (LT-00-01) . . . . . 61

**Autonomous Agencies . . . . . 65**

Commonwealth Development Authority . . . . . 66  
 Audit on Procurement and Costs of Renovating the CDA's  
 Leased Building (AR-00-02) . . . . . 66  
 CDA, Independent Auditor's Report on Internal Control and on Compliance  
 Year Ended 9/30/01 . . . . . 68

Commonwealth Government Employees Credit Union . . . . . 70  
 CGECU, Independent Auditor's Report on Compliance and on Internal Control  
 Year Ended 12/31/97 . . . . . 70

Commonwealth Ports Authority . . . . . 71  
 Audit of Board-Related Transactions and Purchase of Vehicles for the  
 Department of Public Works (AR-95-17) . . . . . 71  
 Audit of the Compensatory Time Claimed and Retirement Benefits Paid to Two

Former Officials of the CPA (AR-00-03) .....	72
CPA, Independent Auditor's Report on Internal Control and on Compliance Year Ended 9/30/01 .....	78
<b>Commonwealth Utilities Corporation</b> .....	80
Audit of Advances to the Former Executive Director (AR-95-12) .....	80
Audit of Travel of the Board of Directors, Key Management and Other CNMI Government Officials from October 1999 through March 2001 (LT-01-07) .....	82
CUC, Independent Auditor's Report on Internal Control and on Compliance Year Ended 9/30/98 .....	84
<b>Marianas Public Lands Authority (formerly Division of Public Lands)</b> .....	88
Division of Public Lands, Audit of Credit Card and Related Travel Transactions (AR-95-18) .....	88
Division of Public Lands, Audit of the Saipan Fishing Center and the Lease of the Garapan Fishing Base (AR-96-05) .....	90
Audit of Collection of Rentals on Land Leases with Quarries For Six Lease Years from 1990 to 1995 (AR-00-04) .....	91
<b>Marianas Visitors Authority</b> .....	96
Audit of Promotion and Advertising Services, Fiscal Years 1992 to 1998 (AR-98-04) .....	96
<b>Northern Marianas College</b> .....	97
Audit of NMC's Collections and Deposits from July to November 1999 (LT-00-05) .....	97
NMC, Independent Auditor's Report on Compliance and on Internal Control Year Ended 9/30/99 .....	99
<b>Northern Mariana Islands Government Health and Life Insurance Trust Fund</b> .....	104
NMI-GHLTF, Independent Auditor's Report on Compliance and on Internal Control Year Ended 9/30/00 .....	104
<b>Northern Mariana Islands Retirement Fund</b> .....	105
NMIRF, Audit and Investigation of Health Insurance Payments to a Physical Therapy Clinic For Physical Therapy Services June 1993 to December 1999 (AR-01-01) .....	105
NMIRF, Audit of Travel Outside the CNMI from October 1996 through March 2000 (LT-01-04) .....	106
NMIRF, Audit of Billings for a Professional Services Contract During the Period October 1, 1996 through February 29, 2000 (LT-01-05) .....	108
NMIRF, Independent Auditor's Report on Compliance and Internal Control For the Year Ended 9/30/00 .....	109
<b>Public School System</b> .....	111
Travel of Former Recreational Therapist/Adaptive Physical Education Specialist (AR-97-03) .....	111
Follow-up Audit of Marianas High School Student Funds, August 1991 to September 1992 (LT-98-14) .....	111
Audit of the WSR School and 50 <sup>th</sup> Golden Jubilee Funds, October 1994 to October 1996 (AR-99-01) .....	112
Audit of Property and Equipment of Hopwood Junior High School (LT-00-07) .....	112
Audit of the Marianas High School Food Court Covering School Year 1998-1999 (AR-00-05) .....	114
PSS, Independent Auditor's Report on Compliance and Internal Control Year Ended 9/30/99 .....	115
<b>Tinian Casino Gaming Control Commission</b> .....	125
Financial Statements and Audit Report for FY 1992 and 1993 (AR-94-03) .....	125
Audit of Consultant's Contract for Fiscal Year 1997 (AR-99-03) .....	126

Workmen's Compensation Commission ..... 127  
WCC, Independent Auditor's Report on Compliance and Internal Control  
Year Ended 9/30/00 ..... 127

**Washington Representative's Office ..... 129**

Washington Representative's Office ..... 130  
WRO, Verification of Expenses and Review of Selected Administrative Practices  
Fiscal Years 1995 and 1996 (AR-99-02) ..... 130

**Appendix A - Acronyms Used ..... 132**

**Index ..... 135**

# Introduction

---

## Background



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

In early 1999, the former Governor appointed the former Secretary of the Department of Finance as the Chairperson of the Coordinating Group. The former Secretary of the Department of Commerce was also named a member of the Coordinating Group to help pursue closure of open and resolved recommendations. On March 10, 1999, the former Governor issued a memorandum advising all Department and Activity Heads to provide assistance to the Coordinating Group in resolving all outstanding recommendations.

In early 2000, the Coordinating Group met and decided to follow-up on the actions taken by various government agencies to address OPA's outstanding audit recommendations by scheduling meetings with each Department Head. Starting September 2000, meetings were held by the Coordinating Group to discuss actions which could be taken to close the outstanding recommendations pertaining to government agencies under the Executive Branch of the Government which include, among others, the Department of Public Safety, the Department of Community and Cultural Affairs, the Department of Lands and Natural Resources, the Attorney General's Office, the Department of Public Health, the Department of Finance and the Department of Public Works.

Although the Coordinating Group members did not meet in 2001, OPA sent follow-up letters and conducted telephone follow-ups requesting various government agencies to provide information as to what actions were taken toward addressing the outstanding recommendations. Meetings on various dates were held with government agencies such as the Commonwealth Development Authority, the Commonwealth Ports Authority, the Department of Community and Cultural Affairs, the Department of Finance, the Department of Lands and Natural Resources, the Department of Public Safety, the Department of Public Works, the Emergency Management Office, the Medical Referral Office, the Northern Mariana Islands Retirement Fund, the Office of the Governor, the Office of Management and Budget, the Public School System, the Saipan Mayor's Office, the Tinian Casino Gaming Control Commission, and the Washington Representative's Office, to discuss and clarify actions to be taken to close outstanding recommendations. This

report incorporates the results of those meetings and the responses to follow-up letters which OPA received on or before April 12, 2002. The meetings and follow-up letters resulted in the closure of some recommendations and the reduction of delinquent recommendations. In accordance with statutory restrictions in the Auditing and Ethics Acts, the names of individuals and entities in the audits are not disclosed in this report.

### **Audit Recommendations Tracking System**

OPA, in conjunction with the Coordinating Group, maintains an audit recommendations tracking system to monitor implementation and resolution of audit recommendations.

Both open and resolved audit recommendations are included in OPA's tracking system. In addition, we have also included recommendations which were closed during the past six months. An *open* recommendation is one where no action or plan of action has been made, or no time frame for the plan of action has been provided 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 for action. Also, we have considered open or resolved recommendations as *delinquent* if the recommendation has been outstanding for at least 180 days and we have not been informed by the concerned agency or department of any action being taken to close the recommendations.



# Status of Audit Recommendations

**F**or the year 2001, OPA issued 10 audit reports to various departments and agencies of the Commonwealth Government which set forth a total of 37 recommendations. The 37 recommendations were in addition to the 162 recommendations outstanding at the beginning of the year, making a total of 199 recommendations tracked for the year. Of the 199 audit recommendations, 87 were closed and 112 remained either open or resolved. Of the 112 open or resolved recommendations, 47 were considered delinquent.

The following table presents a comparative schedule of the status of all our audit recommendations for calendar years 2000 and 2001.

Status of Audit Recommendations	2000	2001	Increase (Decrease)
Number of Audit Reports Issued During the Year	14	10	(4)
Outstanding Recommendations, Beginning of Year	194	162	(32)
Recommendations Made During the Year	70	37	(33)
Total Recommendations Tracked for the Year	264	199	(65)
Less: Closed Recommendations	(102)	(87)	(15)
Outstanding Recommendations, End of Year (Open or Resolved)	162	112	(50)
Number of Delinquent Recommendations	61	47	(14)

The meetings held with various government agencies resulted in closure of recommendations and encouraged agency action on delinquent recommendations. OPA closed 87 or 44 percent of the 199 recommendations it tracked in 2001. In addition, delinquent recommendations decreased by 23 percent in 2001.

We have also included in this report recommendations issued by private CPA firms. As of December 2001, CPA firms issued 12 audit reports on the internal control structure and compliance with laws and regulations, 10 of which set forth a total of 122 recommendations. Of the 122 recommendations, 6 were closed and 116 remained either open or resolved. Of the 116 open or resolved recommendations, 60 are considered delinquent.

## Other OPA Reports

In 2001, OPA issued seven procurement reports, *i.e.*, decisions on appeals and requests for reconsideration as well as seven special reports which include management letters, testimonies, compilation, and surveys. The following table presents a comparative schedule of the other reports issued by OPA during calendar years 2000 and 2001.

Other Reports	2000	2001	Increase (Decrease)
Procurement Reports (decision on appeals, request for reconsideration)	6	7	1
Special Reports (management letters, testimonies, compilation, surveys)	1	7	6
Number of Special Reports Issued During the Year	7	14	7

Procurement reports issued include decisions on six appeals and one request for reconsideration on the following: (1) procurement of a food coupon agent for the Nutrition Assistance Program, (2) procurement of copying machines for the Commonwealth Utilities Corporation (CUC), (3) procurement of the 80 megawatt power plant for CUC, (4) procurement of a copier for the Division of Public Health, (5) procurement of a contractor for the Marpi solid waste facility on Saipan, (6) procurement of a contractor for the paving of the Susupe sports complex parking lot, and (7) response to a request for reconsideration of OPA's decision on the Marpi solid waste facility procurement matters.

Special reports issued included the following: (1) management letter on the Department of Public Works' contract for the correction facilities, (2) management letter on the Division of Customs hiring of a trainee, (3) testimony to a Senate Committee concerning CNMI government procurement practice and procedures, (4) compilation report on the Saipan Credit Union, (5) testimony to a Senate Committee concerning the non-resident worker fee fund, (6) preliminary survey on PSS travel expenditures of board members and key management, and (7) survey of CNMI-contracted lobbyist activities.

**Closed Recommendations**

An analysis of the 87 closed recommendations for the year 2001 showed that most of those closed were largely because agencies acted on them by implementing policies and procedures and issuing memoranda and directives to reemphasize the need for compliance with existing laws and regulations. The following table shows a breakdown of the 87 closed recommendations classified as to actions taken by the agency which led to the closure of the recommendations.

Actions Taken to Close Recommendations	No. of Closed Recommendations
Implementation of Recommendation; Alternative Actions Taken; Drafting	41
Policies	9
and	8
Pro-	8
cedur	5
es;	3
and	2
Issu-	2
ance	2
of	2
Mem	7
orand	
a	
Adoption of Revised Procurement Regulations	

Provided Proof of Compliance with Vehicle Regulations  
 Provided Proof of Compliance with Time and Attendance  
 Provided Proof of Compliance with Lottery Requirements  
 Recovery of Monies Improperly Disbursed  
 Policy Decisions  
 OPA to Act on Agency Responses  
 For Consideration by Legislature and AGO  
 Dropped

Total for the Year

87

## Delinquent Recommendations

Delinquent recommendations decreased by 23% from 61 in 2000 to 47 in 2001 (see **Table 1**). It should be noted, however, that the number of delinquent recommendations in audit reports issued in 2000 significantly increased from 12 that year to 20 in 2001. This is because some agencies failed to take action on the recommendations and did not respond to follow-up letters sent by OPA. However, the meetings held with the various government agencies resulted in a reduction in delinquencies in 1999 and prior years. In those meetings, several agency heads provided reasonable plans and time frames for action which reclassified delinquent recommendations to active status. In addition, agencies took action on recommendations by responding to follow-up letters sent by OPA and providing documents sufficient to close some delinquent recommendations.

Year	2000	2001	Increase (Decrease)
1994	5	0	(5)
1995	8	5	(3)
1996	2	0	(2)
1997	3	2	(1)
1998	25	12	(13)
1999	6	5	(1)
2000	12	20	8
2001	0	3	3
Total	61	47	(14)

**Table 1 - Delinquent Recommendations**

Below is an aging of the 47 delinquent recommendations issued in years 1995 to 2001:

Agency to Act	Year Report Was Issued							Total
	1995	1996	1997	1998	1999	2000	2001	
1. Public School System			2	4	2	6		14
2. Northern Marianas College				2		4		6
3. Commonwealth Utilities Corporation	5							5
4. Department of Lands and Natural Resources						5		5
5. Saipan Mayor's Office				3	1			4
6. Northern Mariana Islands Retirement Fund						3	2	5
7. Rota Municipal Council				3				3
8. Department of Community and Cultural Affairs					2			2
9. Legislature						1	1	2
10. Office of the Governor						1		1
11. Attorney General's Office								0
12. Board of Public Lands								0
13. Commonwealth Development Authority								0
14. Commonwealth Government Employees Credit Union								0

Agency to Act	Year Report Was Issued							Total
	1995	1996	1997	1998	1999	2000	2001	
15. Commonwealth Ports Authority								0
16. Department of Finance								0
17. Department of Public Health								0
18. Department of Public Safety								0
19. Department of Public Works								0
20. Emergency Management Office								0
21. Marianas Public Lands Authority								0
22. Marianas Visitors Authority								0
23. Medicaid Office								0
24. Northern Mariana Islands Government Health and Life Insurance Trust Fund								0
25. Office of Management and Budget								0
26. Senate								0
27. Senate President								0
28. Speaker of the House of Representatives								0
29. Superior Court								0
30. Tinian Casino Gaming Control Commission								0
31. Washington Representative's Office								0
32. Workmen's Compensation Commission								0
Number of Delinquent Recommendations	5	0	2	12	5	20	3	47

**AGO action needed for recovery of at least \$1,161,665**

As of December 31, 2001, recommendations in 12 audit reports were referred to the Attorney General's Office (AGO) for legal action to recover monies improperly expended. According to OPA's audit reports described in the following table, approximately \$1,161,665 is potentially recoverable.

Report No. (Issue Date)	Particulars	Amount Recoverable	Status per AGO
1 AR-99-03 (4-7-99)	TCGCC - Legal action to recover overpayment of \$543,375 from the consultant on grounds of unjust enrichment, conversion, fraud and breach of fiduciary duty and recovery of \$195,971 from three other individuals for breach of fiduciary trust for total amount recoverable of \$739,346.	\$739,346	On December 31, 2001, civil action was filed against the consultant and three other individuals for unjust enrichment, conversion, fraud and breach of fiduciary duty.
2 AR-00-01 (4-13-00)	DPW - Recovery of \$164,534 in improper payments made to a surveying contractor and adverse action against contractor for misrepresentation relating to the Tinian road resurfacing project in 1997.	164,534	AGO requested that restitution be ordered by the United States Probation Department; status required for related legal action for debarment of contractor.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per AGO
3	AR-97-05 (3-20-97)	CNMI - Promissory note for \$96,100 on overpayment of two professional services contracts (Contract nos. C40113 and C50108) covering the period October 1, 1991 to July 20, 1995.	96,100	Partial recovery of \$4,200 leaving a balance of \$91,900 still to be recovered.
4	AR-98-06 (12-14-98)	DOF - Funds misused by the former Secretary of Finance during fiscal years 1995 to 1997.	75,000	AGO to file Motion for Summary Judgement in the civil action filed against the former Secretary of Finance.
5	AR-99-04 (10-28-99)	CNMI - Questionable payments on three professional services contracts (Contract nos. C70180, C70301, C70220) covering the period October 1, 1995 to May 4, 1998.	45,000	AGO does not intend to take any action to collect \$208,400 on contract nos. C70180 and C70301 due to jurisdictional issues involved; AGO proceeded with legal action for contract no. C70220.
6	AR-98-05 (8-18-98)	GOV - Overpayment of professional services contract of the former Acting Attorney General (Contract No. C60376) for services rendered from October 1, 1996 to August 7, 1997.	8,474	AGO to send out demand letter to the former Acting Attorney General to collect the remaining overpayment. (Total overpayment was \$35,125, of which \$26,651 has been paid leaving a balance of \$8,474).
7	AR-97-11 (8-12-97)	GOV - Office of the Special Assistant for Drug and Substance Abuse - Excess payment to a contractor for professional services rendered from March 27, 1996 to February 28, 1997.	21,365	AGO to determine if legal action will be taken to pursue collection.
8	LT-98-07 (8-5-98)	DOF - Overpayment of salaries to a former Technical Financial Analyst for tardiness, absences and excess overtime for the period September 28, 1997 to March 28, 1998.	4,900	AGO will send out demand letter requesting employee to return overpayment. AGO informed OPA that the \$6,302 to be recovered was reduced by garnished bonus payment of \$1,402, leaving a balance of \$4,900.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per AGO
9	AR-97-06 (4-23-97)	DPH - Rota Health Center (RHC) - Recovery from the former RHC Director of amount taken from RHC funds and reimbursement for cost of a washing machine for the period December 1993 to March 1996.	4,982	AGO stated that the Statute of Limitations has passed on this matter. OPA requested AGO to document applicability of the Statute of Limitations to formally close the recommendation.
10	AR-97-07 (6-3-97)	DPH - Developmental Disabilities Council (DDC) - Recovery from the former DDC Executive Director of the unpaid balance of charges in personal calls, advances and retroactive salary increase as of July 1996.	1,964	According to AGO, although demand letters were sent out, the Statute of Limitations has passed on most items included in the report. OPA requested AGO to document applicability of the Statute of Limitations to formally close the recommendation.
11	AR-96-05 (3-21-96)	MPLA - Recovery of rentals due from a restaurant and recovery from a lessor of all payments collected from a sublessee for the subleasing of the Saipan Fishing Center building as of October 31, 1995.	Unknown.	AGO to provide results of its review on the matter.
12	AR-95-18 (10-10-95)	MPLA - Double payment of travel expenses and overpaid per diem allowances to the former Executive Director and former Comptroller for the period September 1992 to September 1994.	Unknown.	AGO to provide documents on conveyance of property for debt settlement of former Executive Director and copy of judgement on lawsuit filed against former Comptroller.
Total Amount Recoverable			\$1,161,665	

In addition, on December 5, 2001 OPA also referred to AGO three audit reports to request legal opinion to (1) clarify issues relating to "Full Time Employment vacancies" and "transfers" (Report No. LT-98-11 issued on August 16, 1998), (2) determine whether CDA has the statutory authority to promulgate its own regulations on procurement (Report No. AR-00-02 issued on July 10, 2000), and (3) determine propriety of CPA's practice of making advance payments of unused annual leave and salary, instead of complying with the provision in the employment contracts that payments will be made upon contract expiration (Report No. AR-00-03 issued on July 20, 2000).

AGO declined to take action on a recommendation in one audit report (Report No. LT-00-09 issued on December 13, 2000) for possible prosecution of individuals involved in multiple counts of theft, bribery, political coercion, conspiracy, solicitation and misconduct in public office. According to AGO, the Statute of

Limitations has run on this case and AGO is barred from bringing criminal prosecution. However, full restitution of \$3,000 has been collected by CPA on the settlement agreement relating to the Audit and Investigation of a Misuse of Government Vehicle (Report No. LT-98-03 issued February 17, 1998)

### Potential recovery of \$5.9 million hinges on agencies' actions

Recommendations in fourteen audit reports identified potential recoveries due to unpaid rentals of land leases, overpayments in professional services contracts, and improper expenditures of public funds. Recovery efforts by various agencies are ongoing to collect approximately \$5,930,245.

As of April 12, 2001, initial actions by agencies resulted in partial recovery of \$134,222 and write-offs of \$5,499 leaving a balance of \$5,790,524 as shown in the following table.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per Agency
1	AR-00-04 (11-22-00)	Board of Public Lands - Collection of rentals on land leases from 8 quarry operators for six lease years from 1990 to 1995 amounting to \$4,690,708, of which \$946,968 due from one quarry operator was written off due to bankruptcy resulting in an amount recoverable of \$3,743,740.	\$3,743,740	\$50,863 was recovered from three quarry operators.
2	AR-99-04 (10-28-99)	CNMI - Overpayments of \$87,096 on ten professional services contracts immediately recoverable of which \$11,000 was redirected to AGO (C70180 & C70149) and \$6,000 is not to be pursued (C60334), resulting in net amount recoverable of \$70,096; Various unsupported expenses for \$1,400,956 recoverable unless adequately supported by the contractors; total net amount recoverable of \$1,471,052.	1,471,052	Of the \$70,096 in net amount recoverable, partial recovery was \$61,794 (for C50305, C60114 and C60142), leaving a balance of \$8,302 (Contract Nos. C60196, C70156, C50388 and C60355)
3	AR-00-05 (12-14-00)	PSS - Recover Trust Fund money used for the operation of the MHS Food Court covering school year 1998-1999.	369,866	PSS to restore funds back to the Trust Fund.
4	AR-00-03 (7-20-00)	CPA - NMIRF to recover improper payments to two former CPA officials for retirement benefits and compensatory time claimed.	126,730	NMIRF started withholding 50% of the former CPA Executive Director's semi-monthly pension; written settlement plan required for the former CPA Security Chief.
5	AR-98-06 (12-14-98)	DOF - Funds misused by the former Secretary of Finance from fiscal years 1995 to 1997.	56,462	\$56,462 is the total restitution ordered by the Federal Court.

	Report No. (Issue Date)	Particulars	Amount Recoverable	Status per Agency
6	AR-95-18 (10-10-95)	MPLA - Double payment of travel expenses and overpaid per diem allowances to the former Board Chairman, Tinian board member and Rota board member for the period September 1992 to September 1994.	52,977	Partial recovery of \$17,800.
7	AR-95-17 (10-2-95)	CPA - Improper disbursements from the board members covering selected board-related transactions from fiscal years 1991 to 1994.	42,191	Partial recovery of \$2,060.
8	AR-97-05 (3-20-97)	CNMI - Overpayment to contractors of three professional services contracts (Contract nos. C40276, C50083 & C50208) audited covering the period October 1, 1991 to July 20, 1995.	25,079	Status pending from agency.
9	AR-99-01 (1-5-99)	PSS - Pursue accountability for funds for the William S. Reyes School and 50 <sup>th</sup> Golden Jubilee Funds within the inclusive period from October 1994 to October 1996.	12,123	Status pending from agency.
10	AR-00-02 (7-10-00)	CDA - Recover accrued interest on public funds advanced for parking lot improvements from January 1998 to August 1999	9,278	Partial recovery of \$325.
11	AR-97-06 (4-23-97)	DPH - Deny claims for repairs and non-existent lease for the period December 1993 to March 1996.	9,000	Status pending from agency.
12	AR-97-01 (2-27-97)	GOV - Medical Referral Office - Receivables from two families for funeral expenses covering the period July 1, 1990 to January 9, 1994.	5,499	No further action will be taken to collect because the Statute of Limitations has passed on this receivable.
13	AR-99-02 (3-29-99)	WRO - Outstanding employee loans for Fiscal Years 1995 and 1996.	3,580	Partial Recovery of \$1,380.
14	LT-01-05 (8/15/01)	NMIRF - Audit of Billings for a Professional Services Contract During the Period October 1, 1996 Through February 29, 2000	2,268	Status pending from agency.
15	LT-01-08 (11-30-01)	DPS - Outstanding Confidential Fund advances for Fiscal Year 1999.	400	Status pending from agency.
Total Amount Recoverable			\$5,930,245	
Less: Partial Recoveries			(134,222)	
Write-offs			(5,499)	
Balance of Amount Recoverable as of 4/12/02			\$5,790,524	



# Executive Branch Offices

---

Office of the Governor  
Department of Community and Cultural Affairs  
Department of Finance  
Department of Lands and Natural Resources  
Department of Public Health  
Department of Public Safety  
Department of Public Works

# Office of the Governor

**I. Report No. AR-97-II issued August 12, 1997  
 Audit of Procurement of Professional Services by the  
 Office of the Special Assistant for Drug and Substance Abuse**

Date(s) of followup letter(s) sent : 2/02/98, 9/17/98, 11/23/99, 7/13/00 (DOF), 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO)  
 Date(s) of response letter(s) received : 8/20/98 (AGO), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>5. <i>Original:</i> Reduce any future payments to the contractor by \$21,365, which was paid in excess of the firm fixed price. In particular, the \$21,365 should be offset against the \$10,584 (under PO P68172) and \$12,309 (supplemental contract C70199) which are valid unpaid billings by the Contractor.</p>	<p>DOF - Redirected to AGO</p>	<p>Resolved Active</p>	<p>AGO's 8/20/98 opinion stated that payments were in fact made for PO P68172 and for supplemental contract C70199. According to DOF, the payments were made on the basis of AGO's opinion that the two pending invoices are separate contractual obligations from the original contract. AGO therefore recommended to DOF that those separate obligations be paid.</p> <p>Since payments have been made on PO P68172 and supplemental contract C70199 in the combined amounts of \$22,893, the Secretary of Finance should still take action to recover the \$21,365 payment in excess of the firm fixed price.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 sent to the contractor to collect the \$21,365 in excess payments. On 11/27/00, DOF referred the matter to AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to referrals for potential recovery of monies. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for</p>
<p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$21,365 which was paid in excess of the firm fixed price.</p>			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			AGO to prioritize for action. The list included this recommendation.
			<i>Further Action Needed</i>
			The AGO should notify OPA of the results of its review and if legal action to pursue collection of the \$21,365 in excess payments will be taken.
<p><b>2. Report No. AR-98-05 issued August 18, 1998 Audit of Professional Services Contract with the CNMI's Former Acting Attorney General October 1996 to August 1997</b></p>			
Date(s) of followup letter(s) sent	:	9/17/98, 11/23/99 (DOF), 1/26/99 (AGO), 1/5/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 8/15/01 (AGO), 8/21/01 (AGO) (DOF), 2/14/02 (AGO)	
Date(s) of response letter(s) received	:	2/00 (DOF), 11/9/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 5/01 (DOF), 2/12/02 (meeting with AGO)	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. <i>Original:</i> Recover the \$35,125 in overpayments by requesting the Contractor to return the amount overpaid, and if the Contractor refuses, refer the case to the Attorney General for legal action.</p>	DOF - Redirected to AGO	Resolved Active	<p>The Contractor responded on 7/5/01. OPA reviewed the Contractor's written response to the report and ascertained that \$26,651 of the \$35,125 reported overpayment has already been repaid. In its 8/15/01 letter, OPA has requested AGO to make a legal determination whether or not the Contractor's explanation for the remaining balance of \$8,474 is sufficient to satisfy pursuit of any further claim.</p>
<p><i>As Revised and Redirected to the AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$35,125 in overpayment (Contract No. C60376).</p>			<p>During the 2/12/02 meeting, OPA provided AGO a copy of this report. AGO informed OPA that it will send out a demand letter to the contractor to collect the remaining \$8,474 in overpayment. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.</p>
			<i>Further Action Needed</i>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

AGO should notify OPA of the results of the action taken to pursue collection of the remaining \$8,474 in overpayment.

**3. Report No. LT-01-02 issued May 3, 2001  
Audit of the Maintenance and Use of the Challenger  
Since its Purchase in 1995**

Date(s) of followup letter(s) sent : 8/22/01, 3/4/02  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

6. The CNMI Legislature should amend 1 CMC §7402 (a) (2) of the Planning and Budgeting Act by adding a provision to the Act that any CNMI Government employee who illegally reprograms government funds or receives illegally reprogrammed funds will be held personally liable for the amount of the reprogramming action.	CNMI Legislature	Open Delinquent	In a letter dated 4/2/01, the Attorney General advised that the reprogramming authorized by a former official of the Office of Management and Budget did indeed violate the Planning and Budgeting Act. However, the Act provides no sanction or remedy for this violation. Consequently, the Attorney General's Office is unable to take appropriate action because evidence was not presented showing that reprogramming action itself involved a clear waste and abuse of government funds. The Attorney General, however, stated that this illegal action and OPA's report clearly identified a defect in the Act, and agreed to support legislative action to amend the law. OPA agreed with the Attorney General's position that legislation should be introduced to amend the Act. OPA therefore added Recommendation No. 6 for the Legislature to act upon.
---	---------------------	--------------------	---

**Further Action Needed**

The CNMI Legislature should provide OPA a copy of the amended Planning and Budgeting Act after a provision is added to 1 CMC § 7402(a)(2) making any CNMI Government employee who illegally reprograms government funds or

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			receives illegally reprogrammed funds personally liable for the amount of the reprogramming action.

# Department of Community and Cultural Affairs

**I. Report No. LT-99-08 issued October 26, 1999  
 Audit and Investigation - Misuse of Resources  
 DCCA - Office of Aging  
 January 1998**

Date(s) of followup letter(s) sent : 11/22/99, 7/6/00, 1/30/01, 8/22/01, 3/4/02  
 Date(s) of response letter(s) received : 10/3/00 (meeting with the Coordinating Group on DCCA), 3/21/02 (meeting with DCCA Secretary), 4/5/02 (meeting with DCCA Accountant)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Develop and implement written policies and procedures regulating inventory control and accountability of all food stores.	DCCA	Closed	On 4/5/02, the DCCA-Aging accountant met with OPA to present the inventory forms adopted by DCCA to regulate inventory and accountability of all food stores. Upon review, OPA found that the inventory control forms being used by DCCA were sufficient to close the recommendation.
2. Restrict employees from admittance and/or use of the facilities and vehicles for other than lawful government-approved business or activities.	DCCA	Open Delinquent	The DCCA Secretary requested OPA to furnish him the names of employees in question (because these were expunged from the report for confidentiality purposes).
4. Institute appropriate adverse actions against the Office of Aging's (Office) former Accountant and Kitchen Supervisor in accordance with personnel regulations.	DCCA	Open Delinquent	In our follow-up, we found that the Office had revised some of the forms regulating inventory control and accountability of all food items from the Office stores, and had restricted custody of keys to the Office kitchen and food stores. However, inventory controls can be strengthened further by establishing inventory balance records where actual counts should be reconciled. DCCA may consider adopting the suggested inventory control forms presented in the audit report.

Also, pursuant to our recommendation, the former Acting DCCA Secretary proposed an adverse action to terminate the employment contract of the former Accountant. The then-Acting Director of Personnel reviewed and supported the proposed adverse action. The proposal, however, did not materialize. Nevertheless, the former Accountant resigned/retired effective August 29, 1998.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>With regard to the Kitchen Supervisor, he was neither removed (which was the appropriate penalty for participating in the misuse of government properties based on personnel regulations) nor reprimanded.</p> <p>On August 12, 1998, a criminal case arising from our investigation was referred to the Attorney General's Office (AGO). On August 13, 1998, the suspect was charged in a criminal case concerning another violation of criminal law for theft of payroll, which arose from a separate OPA investigation. Although no criminal case was filed on the charges covered by this investigation, the former Accountant entered a plea of guilty on one count of Misconduct in Public Office (6 CMC § 3202) for directing another to use a government vehicle for a private, non-governmental purpose (one of the charges in this investigation), in conjunction with her guilty plea for theft of payroll in CNMI Criminal Case No. 98-323B. Also, the total amount of restitution by the former Accountant in that criminal case of \$4,230.40 was increased by \$200 to charge the value of theft of food items disclosed in this investigation. Based on available documents, restitution payments by the former Accountant totaled \$2,000.</p> <p>During the 10/3/00 meeting with the Coordinating Group, the DCCA Secretary agreed to provide OPA documents showing that inventory control forms are being used for its food supplies and records are being maintained. The DCCA Secretary also agreed to provide to employees a copy of the memorandum regulating the use of the facilities at the Office of Aging, and agreed to verify whether the time limitation for issuing adverse actions has expired.</p> <p><b>Further Actions Needed</b></p> <p>Recommendation 2 - Provide OPA a copy of written instruction to the Office of Aging employees.</p> <p>Recommendation 4 - Provide OPA a copy of the document evidencing institution of</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			appropriate adverse action (i.e., removal) against the Kitchen Supervisor if still appropriate.



## Department of Finance

**I. Report No. LT-98-07 issued August 5, 1998**  
**Department of Finance**  
**Audit of Abuse of Government Time by a Technical Financial Analyst**  
**September 28, 1997 to March 28, 1998**

Date(s) of followup letter(s) sent : 9/17/98, 11/23/99, 7/13/00, 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO)  
 Date(s) of response letter(s) received : 10/22/98, 12/18/98, 2/10/99, 9/27/00, 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01(AGO), 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. <i>Original:</i> Recover from the Technical Financial Analyst the \$6,302 overpayment (\$5,975 for tardiness and absences, and \$327 for excess overtime). The employee, however, should be given the option to offset his time-off against his annual leave in accordance with existing personnel regulations.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to pursue collection of the \$6,302 in overpayment (\$5,975 for tardiness and absences, and \$327 for excess overtime).</p>	<p>DOF - Redirected to AGO</p>	<p>Resolved Active</p>	<p>In a 12/18/98 letter sent to the Technical Financial Analyst, the DOF Secretary stated that the 79 hours annual leave balance of the employee amounting to \$1,616 will be used to settle a portion of the outstanding amount. The remaining balance of \$4,686 will be repaid through payroll deductions of \$200 per pay period for 23 pay periods beginning with pay period #1 in calendar year 1999. However, on 2/10/99 the DOF Secretary directed a suspension of payroll deductions from the Technical Financial Analyst pending resolution of his case with the Civil Service Commission (CSC).</p> <p>On September 27, 2000, DOF provided OPA a copy of the letter of the CSC to the Technical Financial Analyst which stated that CSC considered the case closed because the Technical Financial Analyst failed to respond.</p> <p>We verified with DOF whether the closure of the case by CSC would mean that DOF can now proceed with recovery of the overpayment. DOF informed OPA that they were advised by their Legal Counsel that collection of the overpayment can be done only through legal proceedings.</p> <p>During the 11/21/00 meeting with the Coordinating Group, DOF agreed to refer this case to the AGO. On 11/27/00, DOF referred the matter to the AGO to possibly</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will send out a demand letter requesting the employee to pay back the salary for which no work was performed.</p> <p>During the 2/12/02 meeting, AGO informed OPA that the amount to be recovered from the employee for which no work was performed was reduced to approximately \$4,900 by garnished bonus payment. OPA asked AGO to provide documentation on the payment. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.</p> <p><b>Further Action Needed</b></p> <p>AGO should provide OPA documents on the garnished bonus payment and actions taken to pursue collection of the remaining \$4,900 in salary overpayments for which no work was performed.</p>

**2. Report No. AR-98-06 issued December 14, 1998  
Department of Finance  
Audit of Misuse of Funds by the Former Secretary of Finance  
Fiscal Years 1995, 1996, and 1997**

Date(s) of followup letter(s) sent : 11/23/99 (DOF), 1/26/99, 1/5/00 (AGO), 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO)  
 Date(s) of response letter(s) received : 1/20/00 (AGO), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. <i>As Revised:</i> DOF should provide OPA documents showing recovery of the \$56,461.98 in restitution on the federal case. In addition, AGO should take further legal action against the former Secretary for misappropriation and improper expenditure of public funds.	DOF and AGO	Resolved Active	<p>On 2/22/01, the Federal Court sentenced the former Finance Secretary to 33 months imprisonment and ordered payment of \$56,461.98 in restitution to the court for disbursement to the CNMI Department of Finance.</p> <p>In his 3/9/01 response, the Acting Attorney General stated that AGO waited until the</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p data-bbox="984 296 1468 604">federal crime case concluded since one count in the case was covered by AGO's case. The former Secretary was ordered to pay restitution in the federal case, thereby reducing the maximum potential judgment. AGO will make a Motion for Summary Judgment and will still seek a judgment of approximately \$75,000 against the former Secretary of Finance for misappropriation and improper expenditure of public funds.</p> <p data-bbox="984 638 1468 884">During the 2/12/02 meeting, AGO informed OPA that it will file a Motion for Summary Judgment in the civil action filed against the former Secretary of Finance. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.</p> <p data-bbox="984 917 1255 945"><b>Further Action Needed</b></p> <p data-bbox="984 978 1468 1194">DOF should provide OPA proof of collection of the \$56,461.98 restitution in the federal case. In addition, AGO should also provide OPA with a copy of the order granting or denying its Motion for Summary Judgment when entered in the civil action filed against the former Secretary of Finance.</p>

**3. Report No. LT-00-02 issued March 14, 2000  
Audit of the Department of Finance's  
Double Payments of 1995 Corporate Tax Rebates to  
Eleven Taxpayers in Fiscal Year 1997**

Date(s) of followup letter(s) sent : 7/13/00, 1/19/01, 8/21/01, 3/12/02  
 Date(s) of response letter(s) received : 12/7/00 (meeting with Coordinating Group on DOF), 10/1/01, 3/27/02 (DOF request for extension), 4/12/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Require the DOF-Accounts Payable Section of the Division of Finance and Accounting to strictly comply with its established control procedure for processing	DOF	Resolved Active	The former Secretary of Finance addressed Recommendations 1 and 2 by stating that a new tax system is currently being developed to give DOF the capability to automate processing of the corporate rebate tax

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>complaints of non-receipt of corporate tax rebate payments, in particular verifying if previous payment has been made before processing a new payment.</p>			<p>returns. Because the annual returns will be entered and processed through the tax system, the rebate computations and preparation of rebate checks will be part of the automated process. Since the payment data are stored, the system will automatically flag a warning if a rebate check has already been issued to a particular corporation for a specific tax year. This process will ensure the detection of duplicate processing of a return and potential double payment of a tax rebate. The new tax system is expected to be completed by the summer of year 2000. DOF anticipates processing the 1999 tax returns using the new system.</p> <p>In his 4/12/02 response, the current Secretary of Finance stated that DOF will submit documentation of internal control procedures for the processing of corporate rebate taxes. He also stated that there are features in the new tax system that will prevent duplicate payments of taxpayer rebates or refunds.</p>
<p>2. Develop and implement control procedures in its financial management system which will recognize and flag potential duplicate processing of corporate tax rebate payments.</p>	DOF	Resolved Active	<p><b>Further Actions Needed</b></p> <p>Recommendations 1 and 2 - Provide OPA copies of the control procedures established to avoid double payments as agreed during the meeting. Specifications for internal control of the new tax system (once the development phase is completed) should include features that will prevent or easily allow the detection of double payments. The new tax system should be able to handle the processing of the following cases and the control procedures available: (1) an amendment to the original corporate tax return that was successfully processed in the system and a check processed and issued; (2) a request for manual rebate check because the corporate tax return is pending in the system (due to data entry error, reporting error, incomplete information or support on tax return, etc.); and (3) a replacement check because the original check issued was missing.</p>

**4. Report No. LT-01-06 issued August 15, 2001**  
**Department of Finance**  
**Audit of Government Revenues from the CNMI Lottery Operations**  
**for the Fourth Quarter of Fiscal Year 1999**

Date(s) of followup letter(s) sent : 3/12/02  
 Date(s) of response letter(s) received : 3/27/02 (DOF request for extension), 4/12/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
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.	DOF	Closed	The Secretary of Finance concurred with the recommendation and stated that on July 3, 2001, her office had notified Operator A 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.
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.	DOF	Resolved Active	<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>In his 4/12/02 response, the Secretary of Finance informed OPA that he has to assign one of his staff to conduct on-site visits to ensure that the adopted rules and regulations for the operation of the Jueteng game are being followed by Operator B.</p> <p><b>Further Actions Required</b></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>

# Department of Lands and Natural Resources

**I. Report No. LT-00-04 issued June 7, 2000  
 Division of Fish and Wildlife (DFW)  
 Audit of Two DFW Employees' Time and Attendance and Whether their Arrangement with DFW was Consistent with the Pacific Islands Education Initiative**

Date(s) of followup letter(s) sent : 7/6/00, 1/24/01, 8/20/01, 3/4/02  
 Date(s) of response letter(s) received : 10/31/00 (meeting with Coordinating Group on DLNR)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The DFW Director should comply with local rules and regulations for the granting of administrative and educational leave. This would result in fairness and equity for all government employees if government offices follow the same guidelines for granting administrative leave.</p>	<p>DLNR</p>	<p>Resolved Delinquent</p>	<p>The DLNR Secretary and the DFW Director agreed with the recommendation. Although the Director is unable to grant administrative or educational leave to the two employees on limited-term status, he is taking every measure to ensure compliance with local rules and regulations. These include: (1) requiring the DFW employees to apply for annual leave for the purpose of attending classes during working hours; (2) meeting with representatives from OPM and the Office of the Attorney General to address the Division's needs to allow for conversion from Limited Term Appointment to Permanent Status of these employees participating in the Pacific Islands Education Initiative (PIEI); and (3) routing a Request for Personnel Action for these employees.</p> <p>During the 10/31/00 meeting with the Coordinating Group, the DFW Director agreed to provide the needed information to close Recommendation nos. 1 and 2.</p> <p><b>Further Action Needed</b></p> <p>Recommendation 1 - Provide evidence that DLNR has properly addressed this recommendation, e.g., copy of the memorandum instructing the employees to apply for annual leave to attend classes at NMC during working hours, their approved leave forms and Summary Time Sheets, memorandum to the timekeeper reiterating the need to comply with local rules and regulations particularly for the granting of administrative and educational leave.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The DLNR Secretary and the DFW Director must comply with the PSSRR sections for granting educational leave, such as requiring that educational leave must be approved by the Personnel Officer based on a recommendation by the DLNR Secretary.	DLNR	Resolved Delinquent	Recommendation 2 - Provide supporting documents, e.g., status of the meeting with representatives from OPM and the Office of the Attorney General, DFW's request from OPM and the employees' Notice of Personnel Action.
3. The DFW Director should develop a special educational leave program in accordance with the MOU to be approved by the grantor. Also, the Director must ensure that DFW is in compliance with the provisions of the various grants, in order to assure continued federal support.	DLNR	Open Delinquent	During the 10/31/00 meeting with the Coordinating Group, the DFW Director stated that DFW is waiting for a response from its grantor agency and is in close communication with the federal grantors to establish clear guidelines for the PIEI in accordance with Grant Agreements and the MOU.  <b>Further Action Needed</b>  Provide documentation, such as correspondence with federal grantors and other Pacific Island recipients, and a copy of the completed PIEI Program.
4. DFW should suspend its current arrangement with the two employees, pending resolution of the issues discussed in this report.	DLNR	Resolved Delinquent	DFW concurs with the recommendation. By requiring the employees to apply for annual leave for the time spent in classes, DFW has suspended its arrangement of allowing them to use office hours or administrative leave for attending classes. This initial step was taken so as not to hinder the employees' successful completion of the school term already in progress.  During the 10/31/00 meeting with the Coordinating Group, the DFW Director informed OPA that only one employee is participating in the program and OPA will be provided a copy of the agreement with this employee.  <b>Further Action Needed</b>  DLNR should provide OPA a copy of the finalized contract with the one employee participating in the program.
5. Since the Pacific Islands Education	DLNR	Open	During the 10/31/00 meeting with the

Initiative was intended to benefit DFW and the CNMI through the development of local professionals, DFW should: (a) develop a well-defined basis for selecting candidates; (b) require candidates to complete a specified number of units to help them acquire a degree within a prescribed period; (c) comply with the cost-sharing agreement in the MOU; and (d) require the candidate to sign a contract with the local resource agencies which in this case are DLNR and OPM.

Delinquent Coordinating Group, the DFW Director reiterated that they are in close communication with the federal grantors to redefine the MOU to specify the desires of both the Federal Government and the Local Division.

**Further Action Needed**

DLNR should provide OPA a copy of the approved guidelines of the PIEI addressing issues such as the basis for selecting candidates and the required units to be completed within a prescribed period. These should be in accordance with Grant Agreements and the MOU.

**2. Report No. AR-01-02 issued March 22, 2001  
Department of Lands and Natural Resources  
Audit of Agreement with a Submerged Land Lessee  
to Operate the Outer Cove Marina From May 1993 to October 1998**

Date(s) of followup letter(s) sent : 3/4/02  
Date(s) of response letter(s) received :

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Secretary of DLNR and the submerged land lessee should amend or completely change the lease agreement so that there will be a clearer understanding of each party's obligations and responsibilities, taking into account:</p>	DLNR	Open Active	<p>In his 1/22/01 response, the DLNR Secretary concurred with OPA's recommendation (1) to amend or substantially revise the lease agreement or, alternatively, (2) to have either the CNMI Government or another entity take over operation of Outer Cove Marina, but stated that DLNR could not pursue either alternative until the Senate Oversight Committee has submitted its report and the currently proposed legislation (House Bill 12-250) is enacted.</p>
<p>1. The components that will comprise the actual Outer Cove Marina project cost.</p>			
<p>The Outer Cove Marina properties/facilities will be turned over to DLNR and to the National Park Service at the completion of the lease period. It is therefore necessary for the submerged land lessee to provide a detailed cost breakdown of all the properties/facilities</p>			<p><b>Further Action Needed</b></p> <p>Upon receipt of the Senate Oversight Committee's report and enactment of House Bill 12-250, the Secretary of DLNR should provide OPA a copy of the amended or substantially revised lease agreement, taking into account the components that will comprise the actual Outer Cove Marina project cost, the allocation of the Outer Cove Marina project cost between the area covered</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>comprising the Outer Cove Marina project. The detailed breakdown of project costs will also be very useful in establishing the level of fees and making relevant decisions for settling the Outer Cove Marina controversies.</p>			<p>by the lease agreement and the area covered by the concession contract, and the provisions in the lease agreement that may no longer be practical to implement.</p>
<p>In establishing the cost of each completed facility, the submerged land lessee must also show the reasonable allocation of development costs (<i>e.g.</i> architectural and engineering costs, permits, interest and other costs during construction that can be capitalized in accordance with accounting principles and auditing standards, etc.).</p>			
<p>2. The allocation of the Outer Cove Marina project cost between the area covered by the lease agreement and the area covered by the concession contract.</p>			
<p>How the Outer Cove Marina project properties/facilities will be disposed of depends upon (1) when the lease agreement or the concession contract ends, or (2) if the agreement or contract is terminated at an earlier period. It is therefore necessary that the submerged land lessee also segregate the costs of the Outer Cove Marina project properties/facilities based on the governing agreement/contract.</p>			
<p>3. The provisions in the lease agreement that may no longer be practical to implement.</p>			
<p>There are provisions in the lease agreement whose</p>			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>implementation may no longer be practical. For example, the CNMI may never collect any yearly rental where it is to be computed as 75 percent of net earnings. The Outer Cove Marina may never make any profit at all because its construction cost was greater than planned. DLNR should decide whether earning an annual rental is a priority, and if it is, then DLNR needs to introduce a new provision that will impose a guaranteed lease rental.</p> <p><i>An alternative course of action that DLNR and the CNMI Government can take is:</i></p> <p>DLNR and the CNMI Government could pay the submerged land lessee for the fair market value of the Outer Cove Marina project, with DLNR then taking over the marina operations, or could turn to other private developers who might take over the marina operations and pay the submerged land lessee for the project cost.</p> <p>This alternative will require the joint effort of the Executive Branch and the Legislature. Funds needed to pay the submerged land lessee must be identified and appropriated. It will also require an analysis as to what part of the Outer Cove Marina project cost will be assumed by the Government. There are some parts of the Outer Cove Marina operations that could either be retained by the submerged land lessee or taken over by other concessionaires or contractors.</p>			

## Department of Public Health

### I. Report No. AR-97-06 issued April 23, 1997 Rota Health Center (RHC) Director's Claims Against the RHC

Date(s) of followup letter(s) sent : 6/23/97, 7/16/97, 2/02/98, 9/17/98 (DOF), 9/21/98 (RMO), 11/23/99 (DOF), 11/29/99 (RMO), 7/6/00 (RMO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 8/21/01 (AGO) (DOF), 2/14/02 (AGO), 3/12/02 (DOF)

Date(s) of response letter(s) received : 6/16/97 (RMO), 2/24/98 (RMO), 7/19/00 (RMO), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 9/18/01 (DOF), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>Original:</i> The Secretary of Finance should require the current Director of RHC to return the amount of \$4,282.02 taken from RHC funds.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover from the current Director of RHC the \$4,282.02 taken from RHC funds.</p>	DOF - Redirected to AGO	Resolved Active	<p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 for \$4,982.02 sent to the current Director of RHC which consists of \$4,282.02 taken from RHC funds and \$700 reimbursement for the cost of the washing machine. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.</p> <p>During a meeting on 2/12/02, AGO informed OPA that the Statute of Limitations has passed regarding this recommendation. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter documenting the applicability of the to formally close this recommendation.</p>
<p>2. The Secretary of Finance should deny the \$5,000 claim for repairs, and the \$4,000 amount claimed for a non-existent lease extension.</p>	DOF	Resolved Active	<p>The former Secretary of Finance provided OPA a copy of its 9/18/01 letter to the Acting Resident Director of DOF-Rota requesting assistance in verifying whether or</p>

#### Further Action Needed

The AGO should provide OPA a letter documenting that the Statute of Limitations has passed on this recommendation. OPA's receipt of this letter would be sufficient to close the recommendation.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. <i>Original:</i> The Secretary of Finance should deny the claim of the Director of RHC for reimbursement of the cost of the washing machine.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover the \$700 reimbursement for the cost of the washing machine.</p>	DOF - Redirected to AGO	Resolved Active	<p>not the \$5,000 claim for repairs and the \$4,000 claim for a non-existent lease extension were paid through the Rota Imprest Fund Account.</p> <p>In his 4/12/02 response, the current Secretary of Finance informed OPA that his office has not received a response to its 9/18/01 letter to the Acting Resident Director of DOF-Rota. However, DOF has sent a follow-up letter to the Mayor requesting assistance on the matter.</p> <p><b>Further Action Needed</b></p> <p>DOF should inform OPA as to the results of the verification requested from DOF-Rota. If the claims were in fact paid through the Rota Imprest Fund Account, DOF should take steps to reject the claims and recover the money by directing the Acting Resident Director to take the appropriate action.</p>
			<p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill of collection dated 11/17/00 for \$4,982.02 sent to the current Director of RHC which consists of \$4,282.02 taken from RHC funds and \$700 reimbursement for the cost of the washing machine. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General requested a copy of the report for further review purposes.</p> <p>During a meeting on 2/12/02, AGO informed OPA that the Statute of Limitations has passed on this recommendation. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter documenting the applicability of the to formally close this recommendation.</p> <p><b>Further Action Needed</b></p> <p>The AGO should provide OPA a letter documenting that the Statute of Limitations has passed on this recommendation. OPA's receipt of the letter would be sufficient to</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

close the recommendation.

**2. Report No. AR-97-07 issued June 3, 1997  
Development Disabilities Council  
Audit and Investigation of Misuse of Funds and Resources of DDC**

Date(s) of followup letter(s) sent : 7/09/97, 2/09/98, 9/10/98, 9/10/98 (DPH), 9/17/98 (DOF), 10/23/98 (DDC), 11/23/99 (DPH)(DOF), 7/6/00 (DPH), 7/13/00 (DOF), 1/17/01 (AGO), 1/30/01 (GOV), 8/21/01 (AGO), 8/22/01 (GOV), 2/14/02 (AGO), 3/12/02 (DOF)

Date(s) of response letter(s) received : 1/13/98, 2/24/98 (DPH), 9/9/98 (DOF), 9/14/98 (DDC), 12/16/99 (DDC), 11/14/00 (meeting with Coordinating Group on DPH), 11/17/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 11/27/00 (DOF), 3/9/01 (AGO), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

<p>3. <i>As Revised and Redirected to DOF:</i> The Secretary of Finance should deduct any unpaid balance of the \$1,088 charges for personal calls and \$1,086 advance from the final payroll check or any other funds due to the former Executive Director. Also, the Secretary of Finance should instruct the Travel Section to strictly comply with DOF Manual of Procedures and Policies relating to travel and transportation, particularly as to enforcing immediate return of travel advances if travel is canceled.</p> <p><i>As Revised and Redirected to AGO:</i> Determine appropriate legal action to be taken to recover from the former Executive Director the unpaid balance of \$1,200 in charges for personal calls and advances.</p>	<p>DOF - Redirected to AGO</p>	<p>Resolved Active</p>	<p>Both the charges for personal calls and the advances have unpaid balances of \$600 each for a total of \$1,200 to be collected from the former Executive Director.</p> <p>During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill collection dated 11/17/00 for \$1,964.40 sent to the former Executive Director which consists of \$1,200 in unpaid balance of charges for personal calls and advances and \$764.40 in retroactive salary increase. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will prepare and send out a demand letter for the amount in the audit. If no response is received, a civil action will be filed.</p> <p>During a meeting on 2/12/02, AGO informed OPA that although demand letters were sent out in early 2000, the Statute of Limitations has passed on most items included in this report. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter to document the applicability</p>
--	--------------------------------	----------------------------	---

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			of the to this recommendation.
			<b>Further Action Needed</b>
			The AGO should provide OPA a letter to document if the Statute of Limitations has passed on this recommendation. OPA's receipt of this letter would be sufficient to close the recommendation.
<p>6. <i>Original:</i> The Secretary of Public Health should ensure that local funds are not used to supplement federally funded programs, and admonish the former Secretary of Public Health and OMB officials for violating the CNMI Planning and Budgeting Act.</p>	DPH - Redirected to DOF	Closed	In his 4/12/02 response, the Secretary of Finance provided OPA a copy of a memorandum issued to all Department and Activity Heads reminding them of the restriction in reprogramming of local funds pursuant to 1 CMC §7504. The memorandum sufficiently addressed the recommendation.
<p><i>As Revised and Redirected to the Department of Finance:</i> The Secretary of Finance should ensure that local funds are not used to supplement federally funded programs, as provided in 1 CMC §7504.</p>			
<p>7. <i>Original -</i> The Secretary of Public Health should take action to recover the retroactive salary increase of \$3,600 improperly paid from local funds to the former DDC Executive Director.</p>	DOF - Redirected to AGO	Resolved Active	During the 11/21/00 meeting with the Coordinating Group, the DOF Secretary provided OPA a bill dated 11/17/00 for \$1,964.40 sent to the former Executive Director which consists of \$1,200 in unpaid balance of charges for personal calls and advances and the remaining balance of \$764.40 in retroactive salary increase. On 11/27/00, DOF referred the matter to the AGO to possibly pursue collection through legal proceedings. In his 3/9/01 response, the Acting Attorney General stated that AGO will prepare and send out a demand letter for the amount stated in the audit. If no response is received, a civil action will be filed.
<p><i>As Revised and Redirected to AGO:</i> Determine what legal action is appropriate to recover the remaining balance of \$764.40 in retroactive salary increase owed by the former Executive Director.</p>			During a meeting on 2/12/02, AGO informed OPA that although demand letters were sent out in early 2000, the Statute of Limitations has passed on most items included in this report. In a follow-up letter dated 2/14/02, OPA requested AGO to provide a letter to document the applicability of the to this recommendation.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

*Further Action Needed*

The AGO should provide OPA a letter to document if the Statute of Limitations has passed on this recommendation. OPA's receipt of this letter would be sufficient to close the recommendation.

**3. Report No. LT-99-06 issued August 18, 1999  
Audit of DPH's Granting of Unequal Salaries to  
Social Worker Employees**

Date(s) of followup letter(s) sent : 11/23/99 (DPH), 11/26/99 (OPM), 2/28/00 (OPM), 7/6/00 (DPH) (OPM), 1/30/01, 8/22/01, 3/8/02 (DPH)  
 Date(s) of response letter(s) received : 12/20/99 (OPM), 12/22/99 (DPH), 11/14/00 (meeting with Coordinating Group on DPH), 10/22/01 (DPH)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

3. The Secretary of Public Health should ensure that DPH employees are compensated equitably. The salaries of the three social worker employees should be adjusted to reflect the appropriate salaries based on their qualifications and responsibilities.

*As Revised:* The Secretary of Public Health should review the salary structure of DPH and propose a revised salary structure for review by OPM and for approval by the Civil Service Commission (CSC).

DPH Resolved Active

During the 11/14/00 meeting with the Coordinating Group, the DPH Secretary presented an alternative action to address this recommendation which is to revise the salary structure of DPH to address the salary inequity and DPH's concerns about attracting upcoming college graduates to work for the department. DPH will present a proposed salary structure for review by OPM and for approval by CSC. OPA agreed to this alternative action suggested by the DPH Secretary.

In his 10/22/01 response, the DPH Secretary informed OPA that the Director of the Community and Guidance Center has completed the proposed salary structure of social workers and submitted it to the CHC Human Resources for review. DPH will submit the proposed salary structure to CSC no later than 10/31/01. When approved by CSC, DPH will provide OPA a copy.

*Further Action Needed*

The Secretary of Public Health should provide OPA a copy of the revised salary

<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
			structure of DPH after its approval by CSC.



## Department of Public Safety

### I. Report No. AR-94-05 issued November 19, 1994 Bureau of Motor Vehicles (BMV) Driver's Licensing and Vehicle Registration Activities

Date(s) of followup letter(s) sent : 12/30/94, 2/23/95, 7/7/95, 10/6/95, 5/3/96, 12/3/96, 2/02/98, 9/18/98, 11/23/99, 7/6/00, 1/22/01, 8/22/01, 3/5/02  
Date(s) of response letter(s) received : 2/14/95, 2/23/95, 7/28/95, 10/2/95, 10/12/95, 10/27/95, 12/11/96, 1/7/97, 8/22/00, 9/26/00 (meeting with Coordinating Group on DPS), 2/7/01, 9/10/01 (meeting with DPS), 12/6/01, 3/7/02 (meeting with DPS Commissioner)

	<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
12.	The Commissioner of DPS should require the CJIS programmer to modify the database program for driver's licenses to allow the accumulation of historical data.	DPS	Resolved Active	During the 9/10/01 meeting with a DPS official, OPA was informed that DPS, including BMV, is in the process of implementing an automated system which is part of the Criminal Justice Information System (CJIS). For driver's licensing, DPS is awaiting shipment of a Polaroid System.
13.	The Commissioner of DPS should require the CJIS programmer to modify the driver's license database program to improve the processing and maintenance of drivers' license records. The program should be able to accept entry of data from the application and be able to print that data on the drivers' license cards. The data should be automatically added by the program to the database file. If necessary, the DPS can seek assistance from the Electronic and Data Processing programmers at the Department of Finance.	DPS	Resolved Active	In a 12/6/01 response from DPS, the Commissioner of Public Safety stated that the completion date for the automated system is 6/30/02.  <i>Further Action Needed</i>  For Recommendation nos. 12, 13, and 17 - The DPS Commissioner should provide OPA a status report on the implementation of the recommendations until the system is completed by 6/30/02, the completion date provided by DPS.
17.	The Commissioner of DPS should instruct the CJIS programmer to include a feature in the computer program to check the numerical sequence of license plates entered into the computer.	DPS	Resolved Active	

**2. Report No. LT-01-08 issued November 30, 2001  
 Audit of the Department of Public Safety's  
 Confidential Informant Fund and Prostitution Fund  
 for Fiscal Year Ended September 30, 1999**

Date(s) of followup letter(s) sent : 3/5/02  
 Date(s) of response letter(s) received : 3/7/02 (meeting with DPS Commissioner)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The DPS Commissioner should improve the current control procedures used to monitor and record fund transactions by:</p> <ul style="list-style-type: none"> <li>(a) instructing the new custodian to develop accounting procedures that will ensure proper recording and liquidation of cash advances, and</li> <li>(b) establishing guidelines for turnover of funds to a new custodian. We suggest that you:                             <ul style="list-style-type: none"> <li>1. Establish a separate form for Prostitution Fund Advances (PFA) and revise the Confidential Fund Advance (CFA) form. Both forms should be pre-numbered so the custodian can account for all documents. Both forms should require sufficient information to facilitate recording and liquidation of cash advances.</li> <li>b. Implement the use of a Confidential Fund Voucher and a Prostitution Fund Voucher to document the liquidation of cash advances. The vouchers should be pre-numbered, and should contain sufficient information to document the nature and type of expenses.</li> <li>c. Amend the Confidential Fund Ledger and maintain a Prostitution Fund Ledger. Both ledgers should facilitate monitoring of fund replenishment and disbursements, and tracking of</li> </ul> </li> </ul>	DPS	Closed	<p>In his letter response dated November 23, 2001, the Commissioner stated that it will be DPS' intention to comply with the recommendations provided in the report. Subsequently, the current custodian of the Confidential Informant Fund (CIF) sought OPA's assistance in establishing accounting forms that will ensure proper recording and liquidation of cash advances, and the proper turnover of funds. In our follow-up, the current custodian provided us copies of the accounting forms adopted by DPS.</p> <p>We appreciate the efforts of DPS to improve its current controls over the CIF and Prostitution Fund. The new procedures and accounting forms developed by DPS will ensure proper recording and liquidation of cash advances and proper turnover of funds. The accounting forms provided to us sufficiently addressed Recommendation 1. We therefore consider Recommendation 1 closed.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
cash advance liquidations.			
d. Establish guidelines for turnover of funds to a new custodian. These could include the use of cash count sheets, written acknowledgment of accountability, and preparation of a memorandum to document the turnover of funds.			
2. The DPS Commissioner should enforce compliance with the 48-hour limit for liquidation of cash advances by reporting violations to DPS management.	DPS	Open Active	Provide OPA copy of actions taken to enforce compliance with the 48-hour limit for liquidation of cash advances.
3. The DPS Commissioner should collect the \$400 CFA from the former custodian unless the disbursement can be adequately supported.	DPS	Open Active	Provide OPA proof of collection of the \$400 from the former custodian or supporting documents for the disbursement.
4. The DPS Commissioner should transfer responsibility of the Prostitution Fund's bank account to DOF. Also, return the \$557.59 previously in the Special Operations Task Force account to the General Fund.	DPS	Open Active	Provide OPA documents showing establishment of the Prostitution Fund's bank account through DOF and receipt evidencing return of the \$557.59 to the General Fund.

# Department of Public Works

**I. Report No. AR-00-01 issued April 13, 2000  
 Audit of the Land Survey Contract for the  
 Tinian Road Resurfacing Project  
 Fiscal Year 1997**

Date(s) of followup letter(s) sent : 7/3/00 (DPW), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 8/21/01 (AGO), 2/14/02 (AGO)  
 Date(s) of response letter(s) received : 5/10/00 (DPW), 11/7/00 (meeting with Coordinating Group on AGO), 12/7/00 (meeting with Coordinating Group on DOF), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. <i>Original:</i> DOF should take adverse action against the contractor for misrepresenting to the government that it had performed all the work required under its contract, and for receiving payment for work which it failed to do, including the debarment of the contractor from participating in future government solicitations.</p> <p><i>As Redirected to AGO:</i> AGO should take adverse action against the contractor for misrepresenting to the government that it had performed all the work required under its contract, and for receiving payment for work which it failed to do, including the debarment of the contractor from participating in future government solicitations.</p>	<p>DOF - Redirected to AGO</p>	<p>Resolved Active</p>	<p>The DOF Secretary issued a memorandum dated March 12, 2000 requesting the Attorney General's Office to render an opinion on whether a notice of debarment can be issued in this case. The DOF Secretary stated that her office will act accordingly upon receipt of the AGO's response.</p> <p>During the 12/7/00 meeting with the Coordinating Group, it was agreed that this recommendation should be redirected to the AGO. The AGO did not address this recommendation in its 3/9/01 response.</p> <p>In the 2/12/02 meeting with AGO, OPA included this recommendation in the list of its requests for legal opinion from AGO. In a follow-up letter dated 2/14/02, OPA reiterated its request for AGO to provide a legal opinion on whether debarment of the contractor from future government contracting is the appropriate action in this matter.</p> <p><b>Further Action Needed</b></p> <p>AGO should provide OPA a copy of its opinion on the matter. If the AGO determines that the contractor should be debarred, the AGO should provide OPA a copy of the notice of the contractor's debarment.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>5. <i>Original:</i> DOF should continue to take necessary steps to recover the \$164,534 improper payments made to the contractor, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole contract price of \$229,438 on the basis that the contract was invalid may be undertaken in lieu of the approach taken above where recovery would be based on the overpayments made to the contractor.</p> <p><i>As Redirected to AGO:</i> AGO should continue to take necessary steps to recover the \$164,534 improper payments made to the contractor, unless restitution to the CNMI Government is made in the Federal Court mail fraud case. Recovery efforts should be coordinated with the Attorney General's Office. In implementing this recommendation, recovery of the whole contract price of \$229,438 on the basis that the contract was invalid may be undertaken in lieu of the approach taken above where recovery would be based on the overpayments made to the contractor.</p>	DOF - Redirected to AGO	Resolved Active	<p>The DOF Secretary requested AGO's assistance in getting information on the Federal Court case involving the contract. The DOF Secretary stated that her office will proceed with the recommendation after the Federal Court's decision.</p> <p>During the 12/7/00 meeting with the Coordinating Group, it was agreed that this recommendation should be redirected to the AGO. In its 3/9/01 response, the Acting Attorney General stated that no further action will be taken on this matter. Contact has been made with the United States Probation Department requesting that restitution from the contractor be ordered at sentencing.</p> <p>During the 2/12/02 meeting, AGO informed OPA that it had already requested the United States Probation Department to recommend that restitution be required from the contractor and that it is awaiting sentencing decision.</p> <p>On 4/2/02, the United States (US) District Court's sentence imposed on the contractor was 8 months imprisonment and restitution of \$100,000.</p> <p><b>Further Action Needed</b></p> <p>AGO should inform OPA if full restitution has been made by the contractor.</p>

A blue rectangular graphic with a white border. The word "Municipalities" is written in large, bold, white, sans-serif font. Below it, a thin white horizontal line separates the word from the text "Offices of the Mayors", which is written in a smaller, white, sans-serif font.

# Municipalities

Offices of the Mayors

## Municipality of Saipan

**I. Report No. LT-99-02 issued January 27, 1999**  
**Office of the Mayor**  
**Audit of Time and Attendance at the**  
**Saipan Mayor's Office Administrative Division and Mechanic Shop**  
**May 22 and May 29, 1998**

Date(s) of followup letter(s) sent : 11/29/99, 7/6/00, 1/22/01, 8/22/01, 3/4/02  
 Date(s) of response letter(s) received : 3/7/02 (meeting with Saipan Mayor), 3/20/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. Comply with the CNMI Personnel Policies and the Fair Labor Standards Act (FLSA) by disallowing the accumulation and use of compensatory time by executive, professional, and administrative employees.	SMO	Resolved Delinquent	<p>In his 3/20/02 response, the current Mayor requested a ten-day extension in responding to the outstanding recommendations. However, no response was received after the ten-day extension lapsed.</p> <p>The former Mayor disagreed with the recommendation to comply with the CNMI PSSRR and cited Civil Action 91-32. It was argued in Civil Action 91-32 that the Mayor's office is not within the Executive Branch and therefore not within the authority and scope of the Civil Service Commission. The Mayor concurred with the part of the recommendation to disallow compensatory time for administrative, professional and executive employees except when employees are required to perform other duties not within their job description. The Acting Chief Administrative Officer explained that if the recommendation is implemented, SMO will not allow overtime to FLSA-exempt employees but will authorize exceptions such as during the Annual 4th of July celebration where exempt employees will be allowed to accrue compensatory time.</p> <p>OPA agrees that SMO is not within the authority of the Civil Service Commission; however, we still believe that as a part of the CNMI government, SMO should establish personnel policies and procedures consistent with the CNMI Personnel Policies and the FLSA.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

Civil Action 91-32 does not prohibit SMO from implementing personnel policies and procedures which are the same as those established by the CNMI Government. We therefore amend our recommendation to add that the Mayor may make exceptions in granting compensatory time to overtime-exempt employees. However, accrual of compensatory time should be at the regular rate, not at a time-and-one-half rate.

**Further Action Needed**

SMO should provide OPA with a copy of its written policy for making exceptions in granting compensatory time to FLSA-exempt employees at the regular rate and not at a time-and-one-half rate.

**2. Report No. LT-01-03 issued August 1, 2001  
Office of the Mayor  
Audit of Cash Receipts and Disbursements  
of the 1999 Liberation Day Committee  
from April 1 to October 31, 1999**

Date(s) of followup letter(s) sent : 3/4/02  
Date(s) of response letter(s) received : 3/7/02 (meeting with Saipan Mayor), 3/20/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

3. Develop and implement written policies and procedures to guide future Liberation Day Committee (LDC) appointees. At a minimum, the policies and procedures should address record keeping, maintenance of cash receipts and disbursement records, competitive procurement, adequate documentation and justification of expenditures, establishment of control procedures and accountability.

SMO Resolved  
Active

In his letter response dated May 10, 2001, the former Mayor of Saipan concurred with Recommendation 1 and submitted a time frame for promulgating policies and procedures on or before October 1, 2001.

In his 3/20/02 response, the current Mayor requested a ten-day extension in responding to the outstanding recommendations. However, no response was received after the ten-day extension lapsed.

**Further Action Required**

Provide OPA with a copy of policies and



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. Immediately address concerns previously raised by AGO. AGO had recommended on June 17, 1999, that the SMO seek to enact legislation addressing: (a) LDC's authority to conduct fund-raising activities, (b) LDC's need to comply with CNMI laws and regulations such as procurement and ethics rules, and (c) LDC's need to maintain good records and account for funds received and used. Such legislation should clarify whether LDC needs to comply with applicable CNMI regulations or adopt regulations more suited to its unique and short-term operation.	SMO	Closed	<p>procedures addressing this recommendation.</p> <p>In his letter response dated May 10, 2001, the former Mayor of Saipan addressed Recommendation 2 by providing OPA copies of LDC's certificate of incorporation, business license, articles of incorporation, and by-laws which show that the Attorney General's Office authorized LDC to operate as a non-profit, tax-exempt corporation licensed to engage in fund-raising activities in support of Liberation Day activities. He also provided us documents showing that on April 19, 1999 and again on January 13, 2000, the Mayor sought clarification from the Attorney General's Office regarding the validity of a local ordinance granting SMO authority over the Liberation Day activities.</p> <p>OPA referred these issues to the Legislature for possible legislative action.</p>

# Municipality of Rota

**I. Report No. LT-98-II issued August 16, 1998**  
**Office of the Mayor**  
**Audit of Compliance with Authorized Number of**  
**Full Time Employee Positions in the Rota Mayor's Office**

Date(s) of followup letter(s) sent : 11/23/99 (Legislature), 1/26/99, 1/5/00 (AGO), 7/6/00 (Legislature),  
 1/23/01 (Legislature), 8/22/01 (Legislature)  
 Date(s) of response letter(s) received : 3/25/99 (RMO), 6/14/99 (OPM), 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. <i>Original:</i> The CNMI Legislature should enact legislation to clarify the issues relating to "Full Time Employment vacancies" and "transfers." More specifically, the Legislature should:</p> <p>a. define a Full Time Employment (FTE) vacancy.</p> <p>OPA questions the applicability of 1 CMC §8135 for use in defining the term "vacancy" because the provision was enacted by an appropriation act which was a temporary law. It would be helpful for the Legislature to define the term "vacancy" and affirm it as a permanent part of CNMI law, thereby giving the definition a firm legal basis.</p> <p>b. clarify legislative intent with respect to the transfer of FTEs from RMO to PSS.</p> <p>Because the Sinapalo Elementary School is still under construction, the Legislature should state whether RMO may retain or must forfeit vacated FTEs, and at the same time provide by law the authorized number of FTEs for RMO. Having a specified number of FTEs would enable government agencies to more readily comply with laws and</p>	<p>Legislature - Redirected to AGO</p>	<p>Open Active</p>	<p>This recommendation was for consideration by the Legislature. However, OPA determined that before it can be considered by the Legislature, a legal opinion should be sought to clarify the issues relating to "Full Time Employment vacancies" and "transfers."</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring AGO's legal opinion.</p> <p><b>Further Action Needed</b></p> <p>AGO should provide OPA its legal opinion on the matter.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>regulations, especially when vacancies and transfers are subject to a certain event occurring, such as the opening of a school.</p> <p><i>As Redirected:</i> The AGO should provide its legal opinion to clarify the issues relating to "Full Time Employment vacancies" and "transfers."</p>			
<p><b>2. Report No. LT-00-09 issued December 13, 2000 Office of the Mayor Audit of Alleged Coercive Actions Taken Against Employees and the Misuse of Government Funds, Both During the Term of the Former Mayor of Rota</b></p>			
<p>Date(s) of followup letter(s) sent : 1/17/01, 8/21/01 Date(s) of response letter(s) received : 3/9/01, 3/21/02</p>			
Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The Attorney General should continue to review the alleged coercive actions taken against employees and the misuse of funds during the term of the former Mayor of Rota.</p>	AGO	Closed	<p>On 3/21/02, the Attorney General's Office in a memorandum to OPA stated that it has declined action on this recommendation because the Statute of Limitations has run on this case and therefore they are now barred from bringing a criminal prosecution.</p>

# Municipality of Tinian

**I. Report No. LT-95-06 issued November 1, 1995  
Investigation of a Motor Vehicle Leased by the Tinian Mayor's Office**

Date(s) of followup letter(s) sent : 7/16/96, 11/29/96, 12/3/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00, 1/19/01, 8/21/01, 3/12/02  
 Date(s) of response letter(s) received : 11/21/00 (meeting with Coordinating Group on DOF), 10/01/01, 3/27/02 (DOF request for extension), 4/12/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Secretary of Finance should designate responsibility to a specific DOF office for implementing government vehicle regulations, developing specific procedures for confiscating vehicles, and bringing disciplinary actions against offending officials or employees.	DOF	Resolved Active	<p>The provisions of Government Vehicle Regulations No. 1101 Section 11 (e) as adopted by the Department of Finance in the Commonwealth Register on 4/15/93 state that the Secretary of Finance shall have the authority to revoke the employee's CNMI government vehicle permit, immediately confiscate the vehicle in question, bring disciplinary action against the offending official or employee, or refer the matter to the Attorney General or Department of Public Safety for further investigation.</p> <p>In his 4/12/02 response, the Secretary of Finance informed OPA that revisions to the amended Government Vehicle Regulations are near completion and a copy will be provided to OPA upon their adoption.</p> <p><b>Further Action Needed</b></p> <p>DOF should provide OPA copies of the revised Government Vehicle Regulations upon its adoption.</p>

**2. Report No. AR-96-01 issued January 31, 1996  
Office of the Mayor  
Audit of Operations  
For Fiscal Years Ended September 30, 1990 to 1993**

Date(s) of followup letter(s) sent : 3/28/96, 11/25/96, 2/02/98, 9/17/98, 11/23/99, 7/13/00, 1/19/01, 8/21/01, 3/12/02  
Date(s) of response letter(s) received : 6/11/97, 9/27/00, 9/22/99, 11/21/00 (meeting with Coordinating Group on DOF), 3/27/02 (DOF request for extension), 4/12/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. The Secretary of Finance should direct the head of the Tinian Procurement Office to maintain an updated record of capital assets. On a regular basis, the Tinian Procurement Office should conduct an inventory to establish the physical existence, condition and location of fixed assets. It should also compare its record of assets with the inventory and take appropriate action with respect to any differences. Any missing item should be properly accounted for by the concerned agency.	DOF	Resolved Active	<p data-bbox="993 667 1451 940">During the 11/21/00 meeting with the Coordinating Group, the Procurement and Supply (P&amp;S) Director agreed to issue a memorandum to the Tinian Procurement Office and even to the Rota Procurement Office directing them to conduct their own annual inventory. In the 10/1/01 response from DOF, there was no indication of any action taken on this recommendation.</p> <p data-bbox="993 978 1472 1100">On 4/12/02, the current Secretary of Finance responded that his office has requested copies of the inventory results from Rota and Tinian for DOF to provide to OPA.</p> <p data-bbox="993 1138 1268 1167"><b>Further Action Needed</b></p> <p data-bbox="993 1197 1446 1409">The P&amp;S Director should provide OPA a copy of the memorandum directing the Tinian Procurement Office to establish a schedule for conducting inventories of government capital assets on Tinian and a copy of the inventory results and actions taken.</p>

# CNMI-Wide Audits

Single Audits  
Compliance with Laws and Regulations

## CNMI-Wide Audits

### I. CNMI Single Audit Independent Auditor's Report on Internal Control Structure and on Compliance Year Ended September 30, 2000

Date(s) of followup letter(s) sent : 3/5/02 (DPW), 3/8/02 (DPH), 3/12/02 (DOF)  
Date(s) of response letter(s) received : 3/27/02 (DOF request for extension)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>External Financial Reporting</i>			
1. The CNMI should conform to GASB Statement No. 14 by obtaining audited financial statements of the Commonwealth Government Employees Credit Union (CGECU), the Commonwealth Utilities Corporation (CUC), the Northern Marianas College (NMC), and the Public School System (PSS) for inclusion within the general purpose financial statements.	DOF	Closed	OPA is continuously working with the autonomous agencies noted to bring their annual audits current.
<i>Cash and Cash Equivalents</i>			
2. DOF should reconcile all bank accounts to the general ledger on a monthly basis, and the resulting adjustments should be recorded in a timely manner.	DOF - Finance and Accounting Division	Resolved Active (Outstanding since FY 1986 Single Audit)	DOF responded that it has encountered problems in transferring check clearing information from the computer tape received from the bank to the automated Financial Management System (FMS). DOF is now working on the problem. It performed an analysis of the bank accounts, and the book/bank difference is the result of a large number of checks issued in late September 2000 that had not cleared the bank.
<i>Further Action Needed</i>			
Provide OPA results of bank reconciliation procedures taken to resolve the problem.			

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<b>Receivables</b>			
3. DOF should review all outstanding receivables from federal agencies for propriety and collectibility. All valid receivables should be submitted to the various federal grantor agencies for collection of the amounts owed to the CNMI. All other balances should be written off to the General Fund.	DOF - Finance and Accounting Division	Resolved Active (Outstanding since FY 1997 Single Audit)	DOF will review grant receivable balances and adjust balances that are not valid. The federal grant receivable balance was reduced by \$3.5 million from the previous year end. DOF did an analysis which indicated that the old grant receivables are mainly the result of the grant receipts not being posted to the proper grant year, resulting in one year's grant receivable being overstated and the next year understated. DOF feels that total net adjustment to receivables will be minimal.  <b>Further Action Needed</b>  Provide OPA information as to net adjustments made to receivables.
4. CHC should implement procedures to ensure that all billings are processed on a timely basis, and that standard procedures are implemented to follow-up on aged accounts. Accounts determined to be uncollectible should be written off.	DPH - CHC	Resolved Active (Outstanding since FY 1995 Single Audit)	DPH agreed with the findings. DPH identified the cause of the problem as a combination of inefficiency of the present computer billing system, inadequate FTEs in the Billing and Collection office, and non-payment of bills by the Government Health Insurance program. A new computer system is in the process of being installed. Once hardware upgrade is complete, CHC will proceed with software upgrades for accounts receivable, third party billing, laboratory and pharmacy bills.  <b>Further Action Needed</b>  Provide OPA updates on actions taken to correct the problems based on the causes identified.
5. The Office of Public Lands (OPL) should review receivable balances and forward overdue accounts to the Attorney General's office for collection. Monthly billings should be prepared on a regular basis to ensure recognition of revenue and receivables on a timely basis.	OPL (currently Marianas Public Lands Authority)	Resolved Active (Outstanding since FY 1998 Single Audit)	OPL sends monthly statements of account to all of its public land lessees and permittees. A first and then a final notice are sent to lessees and permittees with delinquent accounts to bring accounts current. All unpaid accounts are forwarded to AGO for collection actions. Analysis of each lease and permit rental provision are done to ensure that accurate applications are entered into each lease and permit account. The review of the receivable balances is a continuous process.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Inventory</i>			
6. CHC should establish policies and procedures to ensure timely reconciliation of the physical inventory count to the general ledger inventory balances.	DPH - CHC	Open Active (Outstanding since FY 1994 Single Audit)	<p data-bbox="1000 296 1273 321"><i>Further Action Needed</i></p> <p data-bbox="1000 359 1435 449">Provide OPA results of reconciliation of receivable balances taken to address the recommendation.</p>
<i>Advances</i>			
7. DOF should review all advances outstanding for more than one year, evaluate their collectibility, and write off any amounts deemed uncollectible. Policies and procedures requiring the timely liquidation of all travel advances should be implemented and enforced.	DOF - Finance and Accounting Division	Resolved Active (Outstanding since FY 1987 Single Audit)	<p data-bbox="1000 716 1273 741"><i>Further Action Needed</i></p> <p data-bbox="1000 779 1403 842">Provide OPA copy of actions taken to address the recommendation.</p> <p data-bbox="1000 955 1451 1289">DOF completed the automation of its sub-ledgers by travelers for travel advance accounts. Outstanding advances were reduced by \$500,000 in FY1999 and another \$200,000 in FY2000. Preliminary FY2001 results show a further drop of \$600,000 in outstanding travel balances. Approximately 50% of the total balance outstanding is reserved against fund balance. DOF estimates that the recommendations is 80% implemented.</p> <p data-bbox="1000 1325 1273 1350"><i>Further Action Needed</i></p> <p data-bbox="1000 1388 1435 1451">Provide OPA copy of actions taken until full implementation of recommendation.</p>
<i>Property and Equipment</i>			
8. The CNMI should perform an inventory of its fixed assets as a basis for recording all assets in the General Fixed Assets Account Group.	DOF - Finance and Accounting Division	Resolved Active (Outstanding since FY 1987 Single Audit)	<p data-bbox="1000 1808 1273 1833"><i>Further Action Needed</i></p> <p data-bbox="1000 1871 1403 1896">Provide OPA copy of actions taken to</p> <p data-bbox="1000 1558 1451 1745">The General Fixed Assets Account Group was adjusted during FY2000 to remove the FY1991 completed construction projects. Inventories of each department are to be completed and results entered into the Fixed Asset module during FY2002.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
completely address the recommendation.			
<b>Other Liabilities and Accruals</b>			
9. DOF should establish policies and procedures to ensure adequate recording of liabilities for goods received by the CNMI's Division of Procurement and Supply.	DOF - P&S	Resolved Active (Outstanding since FY 1999 Single Audit)	DOF is reviewing FMS procurement receiving procedures to determine if modifications need to be made to handle receipt of prepaid items. It appears that the debit advance amount may not always be closed for prepaid items, leaving an offsetting credit open in the received not vouchered account. DOF is reviewing and adjusting balances where needed. Reconciliation procedures will be developed to reconcile received not vouchered balances on a monthly basis.  <b>Further Action Needed</b>  Provide OPA copy of procedures for the adequate recording of liabilities for goods received.
<b>Fund Balance</b>			
10. DOF should monitor and document all ongoing construction projects and a report should be prepared for the Secretary of Finance on a quarterly basis.	DOF	Resolved Active (Outstanding since FY 1997 Single Audit)	The FY1997 conversion of remaining appropriation balances for local CIP was incorrectly done. DOF completed researching the correct remaining balances, and has included these balances in the quarterly reporting for FY2000.  <b>Further Action Needed</b>  Provide OPA information as to completion of FMS corrections.
<b>CNMI Local Noncompliance</b>			
11. DOF should ensure that sufficient documentation is obtained and periodically updated to demonstrate full compliance with the requirements of public laws.	DOF - Treasury	Resolved Active (Outstanding since FY 1996 Single Audit)	Treasury will update its agreements with the four banks. These banks are not major depository banks of the Commonwealth. Collateralization listings will be reviewed for sufficiency.  <b>Further Action Needed</b>  Provide OPA copy of actions taken to address the recommendation.

12.	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
12.	OPL should comply with Public Law 11-64 and remit landing fees collected to the Secretary of Finance for deposit to the special sub-account.	OPL (currently Marianas Public Land Authority)	Open Active	After the 1989 Agreement for Special Recreational Concession expired in September 1998, Tasi Tours held over on the premises in accordance with Section 23 of the agreement. No landing fees were transferred to the Secretary of Finance to deposit in the special sub account after advice of legal counsel was sought on the effect of the Savings Clause in Public Law No. 11-64. Recommendation will be fully implemented when legal opinion is rendered.  <i>Further Action Needed</i>  Provide OPA copy of actions taken to address the recommendation.
13.	DOF should only authorize expenditures within budget allotments. Furthermore, the CNMI Legislature's budget should reflect all expenditures to be incurred in the fiscal year that can be reasonably determined.	DOF	Open Active	DOF stated that reprogramming action by the Governor could be taken to cover the overexpenditure based on P.L. 11-41 appropriations. However, this would result in more departments showing over-expenditure of allotment levels but under the appropriation level. The problem of underappropriation for utilities is more apparent when no reprogramming is done for utilities.  <i>Further Action Needed</i>  Provide OPA copy of any reprogramming actions taken to cover overexpenditure.
<i>Davis-Bacon Act</i>				
14.	The CNMI should ensure that construction projects financed by federal funds should be supported by contractor payroll records indicating compliance with the CNMI minimum wage rate. [US Department of Interior/Sports Fish Restoration/CFDA #15.605/ US Department of Transportation/Highway Planning and Construction/CFDA #20.205]	DPW - TSD	Resolved Active (Outstanding since FY 1997 Single Audit)	The US Department of Labor has never established Davis-Bacon wage rates for the CNMI. In the absence of this, US Department of Labor enforcement is based on the CNMI minimum wage. The Governor's Wage Review Board, not the Technical Services Division (TSD), is the CNMI entity responsible for developing wage rate determinations for the CNMI. A final report needs to be adopted by the Wage Review Board and transmitted to the Legislature for action. Once the Legislature takes action, approval of the construction industry wage rates would most likely be given by the US Department of Labor for

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
15. The CNMI should implement formal documentation procedures to memorialize the monitoring procedures performed, including the results of those procedures and any corrective actions taken, to ensure compliance with the above criteria. [Davis Bacon Act/Sports Fish Recreation/CFDA #20.205/CFDA #15.605]	DPW - TSD	Resolved Active (Outstanding since FY 1990 Single Audit)	Davis-Bacon Act purposes.  <b>Further Action Needed</b>  Provide OPA information if legislative action was taken on the matter.
<b>Equipment and Real Property Management</b>			
16. The CNMI should perform an inventory of its fixed assets and ensure that it is in compliance with applicable federal property rules and regulations. [All Federal Programs]	DOF - P&S	Resolved Active (Outstanding since FY 1987 Single Audit)	The General Fixed Assets Account Group was adjusted during FY2000 to remove the FY1991 completed construction projects. Inventories of each department are to be completed and results entered into the Fixed Asset module during FY2002.  <b>Further Action Needed</b>  Provide OPA copy of actions taken to completely address the recommendation.
<b>Procurement, Suspension and Debarment</b>			
17. The CNMI should ensure that contracts funded by federal grants specify compliance with all applicable federal laws. [Sports Fish Restoration/CFDA #15.605]	DPW	Open Active	The standard contract language and the "General Conditions" for construction contracts, developed by the CNMI Attorney General's Office, are utilized as the contract provisions that include all required and applicable provisions in the Common Rule. DPW tries to file all documents pertaining to each project in an organized filing system as part of its operating procedures. The missing provisions noted are all part of the General Conditions for all contracts. These are sometimes not included with all contract copies, or become separated and filed in different locations.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Further Action Needed</i>			
Provide OPA copy of actions taken to locate provisions missing from the construction contracts and add them to the file.			
<i>Reporting</i>			
18. The CNMI-DOF should implement procedures to ensure that all required federal financial reports are filed in a timely manner. [Technical Assistance Grants and DOI and Covenant Capital Projects/CFDA #15.875]	DOF	Open Active	Late submission of reports occurred because narrative program reports were not received on time from the project managers. Verbal extensions were received over the phone from the Department of Interior (DOI).
<i>Further Action Needed</i>			
Provide OPA copy of actions taken to address the recommendation.			
19. The CIP Status Reports should be reviewed on a regular basis to ensure that updated information is reflected before submission to the grantor. [DOI and Covenant Capital Projects/CFDA #15.875]	DOF	Open Active	Differences occurred due to entries not correctly dated in the FMS or misposting of expenditures to the wrong account. Correcting entries will be made where needed. In most cases, the differences correct themselves on a cumulative basis.
<i>Further Action Needed</i>			
Provide OPA copy of actions taken to correct the differences that occurred.			
20. The CNMI-DOF should implement procedures to ensure that all federal financial reports are filed in a timely manner. [Sports Fish Restoration/CFDA #15.605]	DOF - Finance and Accounting Division	Open Active	Late submission of reports occurred because narrative program reports were not received on time from the project managers. Verbal extensions were received over the phone from the Federal agencies.
<i>Further Action Needed</i>			
Provide OPA copy of actions taken to address the recommendation.			
<i>Special Tests and Provisions</i>			
21. Medicaid should scrutinize its written agreements with service providers. If errors are	Medicaid	Closed	Medicaid will review the forms more carefully. Medicaid provided a copy of the letter informing the provider that its

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
subsequently discovered, efforts should be made to amend or rectify them. [Medicaid Assistance Program/CFDA #93.778]			agreement has been approved and the dates and time period are correct.

**2. Report No. AR-97-05 issued March 20, 1997  
Audit of the Executive Branch of the CNMI Government's  
Professional Services Contracts from October 1991 to July 1995**

Date(s) of followup letter(s) sent : 7/09/97, 2/02/98, 9/17/98 (AGO) (DOF) (GOV), 9/22/98 (OMB), 11/23/99 (DOF) (GOV), 11/26/99 (OMB), 1/26/99 (AGO), 1/5/00 (AGO), 7/11/00 (OMB), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 1/23/01 (OMB), 8/21/01 (DOF), 8/22/01 (OMB), 3/8/02 (OMB), 3/12/02 (DOF)

Date(s) of response letter(s) received : 2/6/98 (OMB), 1/20/00 (AGO), 11/9/00 (DOF), 11/21/00 (meeting with Coordinating Group on DOF), 3/9/01 (AGO), 9/13/01 (meeting with OMB), 9/20/01 (OMB), 5/01 (DOF), 10/01/01 (DOF), 10/19/01 (OMB), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Contracting Officers should initiate termination of the contracts of contractors which were identified as having been paid without performing their work. Inform the P&S Director who should carry out the required contract termination procedures. (Contracts C50322 and C50297 were already canceled, and therefore Recommendation 2 is not applicable to them).	DOF - Treasury for Contract C40113 C50108	Resolved Active	On 1/14/00, AGO and the Director of Procurement and Supply met with the contractor which resulted in the contractor agreeing to repay the Commonwealth \$96,100. The contractor signed a promissory note with the AGO for monthly payments of \$300 to the CNMI Treasury beginning 2/15/00.
3. The Contracting Officers should recover payments (including interest) made to contractors whom we identified as having been paid without performing their work, and refer those who refuse to pay to the AGO for legal action.			During the 2/12/02 meeting, AGO informed OPA that the contractor in this matter remains in compliance with the settlement promissory note and therefore AGO just needs to continue to monitor compliance.  Upon verification from DOF-Treasury, total payments made on the promissory note amounted to \$4,200, leaving a balance of \$91,900 still to be recovered.

**Further Action Needed**

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	Office of Mgt. & Budget for Contract C40276	Resolved Active	<p><i>For Contract Nos. C40113 and C50108 -</i> Until full amount has been paid, DOF-Treasury should continuously provide OPA evidence (<i>i.e.</i>, official receipts) of collections from the contractors which pay directly to the CNMI Treasury. No further action is needed from AGO at this time.</p> <p>OMB and OPA agreed that the correct amount of overpayment on Contract C40276 is \$10,000. In a meeting on 9/13/01, OMB presented OPA with a payment schedule for the \$10,000 beginning 7/15/98 and ending 7/15/99. On 9/20/01, OMB wrote the contractor and stated that OMB has received notice that the contractor made two payments amounting to \$1,000 on the overpayment and requested the contractor to comply with the payment schedule. On 10/19/01, OMB informed OPA that the contractor notified OMB that total payments made amounted to \$8,000. OMB provided copies of the payment receipts. However, OMB will verify with Treasury if the receipts provided were made for Contract C40276. There was no discussion made pertaining to OPA's recommendation on providing (1) documentation evidencing completion of phase one by the contractor (<i>i.e.</i>, Customs Manual), (2) copy of completely processed change order no. 2, and (3) documents explaining the reasonableness of the extension granted and billing statements supporting the \$24,000 charges upon completion of the scope of work.</p> <p><b>Further Action Needed</b></p> <p>To close the recommendations, OMB should (1) notify OPA of the results of its verification on the \$8,000 payments and if the balance of \$2,000 has been collected, provide OPA copies of (2) documentation evidencing completion of phase one by the contractor (<i>i.e.</i>, Customs manual), (3) copy of completely processed change order no. 2, and (4)</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
8. The Secretary of Finance should issue a memorandum instructing the DOF - Accounting Section to recover or offset from future payments the \$15,079 in overpayments to contractors.	DOF	Resolved Active	<p>documents explaining the reasonableness of the extension granted and billing statements supporting the \$24,000 charges upon completion of the scope of work.</p> <p>In the 10/01/01 response from DOF, the Secretary of Finance stated that \$7,559 (for Contract no. C50083) of the \$15,079 in total overpayment has already been settled and that supporting documents regarding the settlement were provided to OPA. For the others in question which include \$1,020 (for Contract no. C50132) and \$6,500 (for Contract no. C50208), DOF requested that AGO initiate a recovery action, given the length of time involved and the improbability of a reply from both contractors.</p> <p>In his 4/12/02 response, the Secretary of Finance provided OPA a copy of a memorandum requesting the Acting Director of Finance and Accounting to review the records pertaining to the payments in question and to issue a demand for payment immediately.</p> <p><b>Further Action Needed</b></p> <p>The Secretary of Finance should provide OPA with the documents evidencing settlement of the \$7,559 (for Contract no. C50083). In addition, DOF should provide OPA documents such as bills of collection to recover the overpayment of \$1,020 (for Contract no. C50132) and \$6,500 (for Contract no. C50208). The bills of collection can be used for referring the matter to the AGO.</p>
<p><b>3. Report No. AR-99-04 issued October 28, 1999 Executive Branch of the CNMI Government Audit of Professional Service Contracts From October 1, 1995 to May 4, 1998</b></p>			
Date(s) of followup letter(s) sent	:	11/23/99 (DOF), 11/26/99 (TMO), 1/5/00 (AGO), 7/12/00 (AGO), 7/13/00 (DOF), 1/17/01 (AGO), 1/19/01 (DOF), 8/21/01 (DOF) (AGO), 2/14/02 (AGO), 3/12/02 (DOF)	
Date(s) of response letter(s) received	:	1/12/00 (GOV), 1/20/2000 (AGO), 2/18/00 (DOF), 11/7/00 (meeting with Coordinating Group on AGO), 11/9/00 (DOF), 11/19/00 (DOF),	



11/21/00 (meeting with Coordinating Group on DOF), 1/4/01 (DOF), 3/9/01 (AGO), 5/01 (DOF), 10/01/01 (DOF), 2/12/02 (meeting with AGO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

6.	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
	<i>As Redirected to AGO</i> - Take steps to recover payments (including interest) made to contractors which we identified as having been paid without performing their work.	AGO for Contracts C70180, C70301, C70149, 305559 and C70220	Resolved Active	<p>The Governor concurred with the recommendation and provided OPA a copy of his memorandum issued on 8/17/99 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>The Counsel to the Tinian Mayor concurred with the recommendation, and provided OPA a copy of a memorandum issued on 7/16/99 to the Acting Attorney General requesting legal action for Contract No. C70220 to recover the money paid to the contractor. 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.</p> <p>Based on the 11/7/00 meeting with AGO and the 3/9/01 status of referrals from AGO, the contract status is as follows:</p> <p><i>C70220</i> - A demand letter was sent in June 2000 asking the vendor to comply with the dispute process of the CNMI Procurement Regulations Section 5-201. There was no response received as to the dispute resolution, and AGO will file a court case on the matter. Potential recovery amounted to \$45,000 representing payment made to the contractor who failed to perform its work.</p> <p><i>C70180 and C70301</i> - AGO wrote to the contractor requesting documentation of work done under the contract. AGO is researching jurisdictional issues to determine whether or not an action can be filed locally or whether it should be filed in Arizona. Potential recovery amounted to \$208,400 representing payment made to the contractor who failed to perform its work.</p>

Recommendation	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 in overpayments by requesting contractors to return the amounts overpaid. Of these amounts, \$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 AGO for legal action.</p> <p>(Note: No further action required for contract nos. C50305, C60114, C60142, C70180, C70149, C60334).</p>	<p>DOF for Contracts C60196 C70156 C50388 and C60355</p>	<p>Resolved Active</p>	<p><i>C70149</i> - AGO would have to file in the contractor's jurisdiction, and it was therefore agreed to close this matter.</p> <p><i>305559</i> - AGO considers this matter closed as it does not seem to warrant further action.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to referrals for potential recovery of monies. For Contract nos. C70180 and C70301, AGO informed OPA that there were jurisdictional issues involved, and it was therefore agreed to close the matter. For Contract no. C70220, AGO proceeded with legal action to recover \$45,000. In a follow-up letter to AGO dated 2/14/02, OPA compiled a list of its referrals for AGO to prioritize for action. The list included this recommendation.</p> <p><b>Further Actions Needed</b></p> <p>AGO does not intend to take any action on Contract nos. C70180 and C70301. However, AGO should provide OPA copy of documents showing legal action taken to recover \$45,000 under Contract no. C70220.</p> <p>On 1/4/01, bills of collection for the following contracts were provided to OPA: Contract No. C60196 for \$1,320.94; Contract No. C70156 for \$2,426.45; Contract No. C50388 for \$1,619.66 (additional billing for \$2,000 to be provided).</p> <p>In the 10/01/01 response by DOF, the Secretary of Finance stated that the contractor for Contract no. C60355 has a claim against the CNMI for \$18,000. The CNMI refuses to pay the contractor's claim for lack of a change order. DOF is planning to charge the \$935 against the amount claimed by the contractor.</p> <p>For Contract no. C50388, DOF claims that the additional billing of \$2,000 to be provided to OPA is already included in the \$1.4 million which is separately recoverable. OPA looked into DOF's claim and</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>ascertained that the \$2,000 was not included in the \$1.4 million.</p> <p>In addition, DOF is verifying all documents which were identified in the \$1.4 million as recoverable unless adequately supported. DOF provided OPA letters to three contractors requesting supporting documents for invoices under Contract nos. C50388, C31075, C60323, C60373, C70091, C70179, 300082-OC and C60196. DOF will inform OPA of any responses.</p> <p>In his 4/12/02 response, the Secretary of Finance informed OPA that DOF has sent out notices to four contractors. One contractor responded. Two of the notices were returned undelivered and one contractor replied asking for a more reasonable request given the amount of information and length of time that has elapsed.</p> <p><b>Further Actions Needed</b></p> <p>We consider the part of the recommendation pertaining to recovery of the overpayments on Contract Nos. C50305 and C60114 for \$56,158.49, on Contract No. C60334 for \$6,000, and on Contract No. C60142 for \$5,635.58 closed.</p> <p>We are redirecting the collection of overpayment for Contract No. C70180 of \$10,000 and for Contract No. C70149 of \$1,000 to the AGO. No further action is required from DOF.</p> <p>Of the \$87,096.02 in overpayments which is immediately recoverable, \$61,794.07 has already been recovered, \$6,000 need not be collected and \$11,000 has been redirected to the AGO leaving a balance of \$8,301.95 (Contract Nos. C60196, C70156, C50388, and C60355). Of the \$8,301.95, billing statements were sent to collect \$5,366.94 (for C60196, C70156 and C50388) leaving a balance of \$2,935.01 (for C50388 and C60355). Of the \$2,935.01, \$935 (for Contract no. C60355) will be offset against an amount payable to the same contractor. A bill of collection still needs to be sent out for the remaining \$2,000 (for Contract no.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>C50388).</p> <p>To completely close the recommendation pertaining to the remaining contractors, the Secretary of Finance should provide OPA copies of written documents showing actions taken to recover the overpayment (e.g., collection letter and CNMI treasury official receipts showing full recovery).</p> <p>The DOF Secretary should also provide OPA the results of the verification done by the DOF - Finance and Accounting Division Director as to the \$1,400,955.91 which is also recoverable unless adequately supported by the contractors.</p>

**4. Report No. AR-98-02 issued May 26, 1998  
Review of CNMI's Compliance with  
Government Vehicle Act and Regulations  
March 1995 to March 1997**

Date(s) of followup letter(s) sent : 9/09/98 (DLNR) (CDA) (DPW) (PDO) (SMO), 9/17/98 (DOF) (GOV), 9/18/98 (DLI) (SAA) (DCCA) (DPS) (WRO) (SENATE) (HOUSEREP) (LEGBUREAU) (TMC) (BOE) (BOELEC) (CPA) (CUC) (NMIRF) (TCGCC) (LIBCOUNCIL), 9/21/98 (EMO) (DOC) (DPH) (SPMC) (SPRC) (TMO) (RMO) (NIMO) (SMC) (RMC) (CSC) (NMC) (MVB), 9/22/98 (OMB), 10/16/98 (TMO) (CSC), 10/28/98 (TMO), 4/22/99 (EMO), 7/19/99 (DPS), 11/22/99 (BOE) (BOELEC) (CUC) (DCCA) (DLI), 11/23/99 (CPA) (DOC) (DOF) (DPH) (DPS) (EMO) (GOV) (HOUSEREP) (LEGBUREAU) (LIBCOUNCIL), 11/24/99 (MVA) (NIMO) (NMC), 11/26/99 (OMB), (NMIRF), 11/29/99 (RMC), (RMO), (SPMC), (SPRC), (SMC), (SAA), (SENATE), (TCGCC), (TMC) (WRO), 1/17/00 (NMIRF), 7/3/00 (GOV), 7/6/00 (EMO) (LEG) (MVA), (RMO) (DCCA), 7/11/00 (BOE) (CPA) (CUC) (DLI) (LIBCOUNCIL) (NIMO) (RMC) (SENATE) (SPMC) (SPRC) (TMC) (WRO), 7/13/00 (DOF), 9/5/00 (NIMO), 7/00 (Verbal follow-ups made through the telephone), 9/6/00 (TMC) (LIBCOUNCIL) (SPMC), 1/16/01 (BOE), 1/17/01 (CPA), 1/18/01 (CUC) (DLI) (EMO) (RMC), 1/19/01 (DOF) (LEGBUREAU), 1/23/01 (SENATE), 1/24/01 (WRO), 1/30/01 (SPRC), 1/31/01 (RMO), 8/20/01 (CPA) (CUC), 8/21/01 (DOF) (RMC), 8/22/01 (LEGBUREAU) (WRO) (EMO) (SENATE) (BOE), 8/23/01 (DLI), 3/4/02 (EMO) (WRO), 3/5/02 (BOE) (SENATE), 3/12/02 (DOF)

Date(s) of response letter(s) received : 5/28/98 (DLI), 5/11/98 06/01/98 (DLNR), 6/04/98 (CDA), 6/29/98 (DPW), 7/01/98 (DCCA), 7/31/98 (PDO), 8/24/98 (SMO), 10/1/98 (TMO), 10/06/98 (CSC), 10/8/98 (DCCA), 10/13/98 (HOUSEREP), 10/15/98 (SAA), 10/21/98 (TMO), 11/6/98 (HOUSEREP), 2/25/99 (DPH), 4/7/99 (EMO), 4/8/99 (NIMO), 4/14/99 (TCGCC), 4/26/99 (DOC), 6/30/99 (DPS), 11/24/99 (BOE), 12/1/99 (NMIRF) (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 1/3/2000 (SMC), 1/12/00 (GOV) 1/20/2000 (NMIRF), 7/14/00 (SPMC), 7/16/00 (LIBCOUNCIL), 7/19/00 (NIMO) (RMO), 7/20/00 (TMC), 8/25/00 (MVA), 9/29/00 (DOF), 12/7/00 (meeting with Coordinating Group on DOF), 2/8/01 (RMO), 2/21/01 (SPRC), 8/29/01 (DLI), 8/30/01 (LEGBUREAU), 9/4/01 (meeting with EMO), 9/21/01 (RMC), 9/27/01 (CUC), 9/25/01 (WRO), 10/01/01 (DOF), 10/12/01 (CPA), 3/15/02 (SENATE), 3/20/02 (BOE) (EMO) (WRO), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The heads of departments, activities, and autonomous agencies of the CNMI government should become familiar with, and ensure that their respective agencies comply with, the requirements of the Act and the Regulations. The heads should issue a written directive to their			Each of the following agencies should provide OPA a copy of the agency head's written directive to the agency's personnel and divisions or offices directly under the agency to implement the requirements enumerated under Recommendation 1. The written directive should be accompanied by continuous vehicle trip log forms and written vehicle authorization forms adopted

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>respective personnel requiring them to:</p>			<p>for use by the agency concerned and the divisions or offices directly under the agency.</p>
<p>a) Implement the use of continuous vehicle trip log forms, which should be placed in every government vehicle (except vehicles assigned to and used by government officials; official government guests; emergency vehicles used by the Department of Public Safety, Civil Defense, Commonwealth Utilities Corporation, and law enforcement offices). The log forms should be maintained by vehicle operators to provide basic trip information such as date, time, places of travel, purpose of travel, beginning and ending mileage readings, total miles driven, the signature of the vehicle operator, and vehicle identification data. The log forms should be reviewed monthly and signed by a responsible official of each agency. The log forms should be properly filed by each agency in accordance with the policy of the CNMI government to retain records for a minimum of three years.</p>	BOE	Closed	<p>In his 3/20/02 response, the Chairman of the Board of Directors provided the following: (1) a memorandum to all PSS staff on the use of PSS vehicles, (2) PSS vehicle accountability/log sheet form, and (3) government vehicle authorization form. The documents provided were sufficient to consider the recommendation closed.</p>
	EMO	Closed	<p>On 3/20/02, EMO provided us the following: (1) memorandum to Administrative Section from Director on vehicle specifications, (2) memorandum to all EMO Personnel from Director on government vehicle authorization. In addition, OPA was provided the following forms: (1) vehicle sign out log sheet, (2) vehicle advance request form, (3) responsibility and liability form, and (4) government vehicle authorization form. The documents provided were sufficient to close the recommendation.</p>
	Senate	Closed	<p>The Senate President furnished OPA a copy of a 3/15/02 memorandum to all Senate members and staff to encourage compliance with the use of vehicle trip log forms, written authorization forms, acceptance of liability and compliance with procurement regulations on vehicle leases or purchases. Attached to the memorandum were sample log forms and authorization forms. The action taken by the Senate President sufficiently addressed the recommendation.</p>
<p>b) Ensure that when using government vehicles outside working hours, an employee is in possession of a written authorization signed by the official with expenditure authority that <i>clearly states</i> the reason why the vehicle is needed; the date, hours, and conditions when and how the vehicle may be used; and the person(s) authorized to use the vehicle outside regular</p>	WRO	Resolved Active	<p>In his 3/20/02 response, the current Resident Representative informed OPA that item (a) of the recommendation has been accepted and implemented. For items (b) and (c), he stated that he will issue written authorizations for use of vehicles to comply with the recommendation. He also provided assurance that any future vehicle purchase will comply with established procurement guidelines to address item (d) of the recommendation.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>government working hours. Written authorizations are not required for law enforcement vehicles and vehicles used by elected officials.</p> <p>c) Accept conditions in written authorization forms that they will be responsible for the safety of the government vehicles they are authorized to take home, for any liability or damage resulting from their negligence while the vehicles are under their care, and for any tax consequences resulting from the benefit of using government vehicles between their homes and places of employment.</p> <p>d) Conform to the standard vehicle specifications and features specified in the guidelines issued by the Procurement and Supply Division when purchasing or leasing vehicles.</p>			<p><i>Further Action Needed</i></p> <p>To close the recommendation, the current Resident Representative should issue a written directive to the WRO staff to implement the requirements of Recommendation 1. The directive should be accompanied by the vehicle trip log form and vehicle authorization form adopted for use by WRO.</p>
<p>2. The Secretary of Finance should instruct the Director of Procurement and Supply to:</p> <p>a) Develop written procedures for marking of government vehicles (except law enforcement vehicles and vehicles used by elected officials). Among other things, the written procedures should specify 1) the period when markings should be made (e.g., within a specified time frame after vehicle has been delivered by vendor); 2) the information to be included in the markings, such as the agency name, and if the vehicle is government-owned, the</p>	DOF Proc. & Supply	Resolved Active	<p>In the 10/1/01 response from DOF, the Secretary of Finance stated that DOF is currently updating the vehicle regulations to include items (a) and (c) of Recommendation 2. OPA was provided the initial draft copy of the regulations. In addition, DOF provided OPA a government vehicle inventory listing as of January 2001 which addressed item (b) of the recommendation.</p> <p>In his 4/12/02 response, the Secretary of Finance informed OPA that revisions to the amended Government Vehicle Regulations are near completion, and a copy will be provided to OPA upon their adoption.</p>
			<p><i>Further Action Needed</i></p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>property number as well; 3) the exact size of the markings that will allow them to be visible and readable even when the vehicle is in motion; 4) the exact placement of the markings on the door; and 5) the material to be used for marking.</p> <p>(Note: The marking should show the agency's full name and not just the acronym or the first letters of the agency's name. Use of full name instead of acronym readily identifies the agency accountable for the vehicle, and prevents mistaking one agency for another that has the same acronym.)</p>			<p>DOF should provide OPA copies of the revised Government Vehicle Regulations upon their adoption.</p>
<p>b) Maintain updated government vehicle inventory listings and conduct periodic inventories of all government vehicles on Saipan, Rota, and Tinian.</p>			
<p>c) Revise the standard vehicle specifications and features guidelines issued by the Procurement and Supply Division to emphasize that procurement of vehicles with factory-tinted windows is prohibited by statute. Reject purchase requisitions made by any government agency to procure vehicles that do not conform to the standard vehicle specifications and features guidelines.</p>			

**5. Report No. AR-98-03 issued June 24, 1998  
Audit of CNMI Government  
Employees' Time and Attendance  
July 1995 to June 1997**



Date(s) of followup letter(s) sent : 7/16/98 (GOV), 7/16/98 (DLNR), 9/9/98 (DLNR), 8/04/98 (PDO), 9/1/98 (TMO), 9/17/98 (DOF), 9/18/98 (DCCA), 9/21/98 (DPW) (SMO) (DOC) (CSC) (DPH) (NIMO) (RMO) (RMC) (SMC) (TMO) (SPRC) (SPMC) (NMC) (PSS), 9/22/98 (OMB), 4/21/99 (DPW), 4/22/99 (SMC), 4/30/99 (DOC), 11/22/99 (DCCA), 11/23/99 (DOC) (DOF) (DPH) (DPW), 11/24/99 (NIMO) (NMC), 11/26/99 (OMB) (PDO) (PSS), 11/29/99 (RMC) (RMO) (SPMC) (SPRC) (SMC) (SMO) (TMO), 3/8/00 (TMO), 7/3/00 (DPW), 7/6/00 (RMO) (SMO), 7/11/00 (NIMO) (NMC) (PDO) (PSS) (RMC) (SPRC), 7/13/00 (DOF), 9/5/00 (NIMO), 11/8/00 (CAO), 1/15/01 (PSS), 1/18/01 (NMC) (PDO) (RMC) (SMC), 1/19/01 (CAO), 1/22/01 (SMO), 1/30/01 (DCCA) (SPRC), 1/31/01 (RMO), 8/20/01 (NMC) (PSS), 8/21/01 (RMC), 8/22/01 (SMC) (SPRC) (SMO) (DCCA), 9/19/01 (SPRC), 3/4/02 (DCCA) (NMC) (SMO), 3/5/02 (RMC) (SPRC), 3/11/02 (PSS)

Date(s) of response letter(s) received : 7/15/98 (GOV), 7/10/98 (DLNR), 7/24/98 (DLNR), 7/22/98 (PDO), 10/13/98 (SMC), 10/15/98 (TMO), 10/21/98 (TMO), 12/10/98 (DPW), 4/8/99 (NIMO), 4/26/99 (DOC) (SMC), 12/1/99 (NMC), 12/3/99 (SPMC), 12/6/99 (OMB), 12/13/99 (DPH), 1/3/00 (SMC), 2/2/00 (SMC), 2/00 (DOF), 3/8/00 (TMO), 7/3/00 (TMO), 7/19/00 (NIMO) (RMO), 9/8/00 (DPW), 10/3/00 (meeting with Coordinating Group on DCCA), 10/12/00 (CAO), 1/29/01 (CAO), 2/8/01 (RMO), 2/15/01 (PDO), 2/16/01 (PSS), 2/21/01 (SPRC), 3/29/01 (follow-up telephone conversation with the PDO), 3/29/01 (follow-up telephone conversation with NMC), 8/27/01 (SMC), 9/21/01 (RMC), 3/7/02 (meeting with Saipan Mayor), 3/20/02 (SMO), 3/21/02 (SPRC), 3/21/02 (meeting with DCCA Secretary), 4/3/02 (DCCA)

	Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
38.	Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	DCCA	Closed	On 4/3/02, the DCCA Secretary issued a memorandum to all employees which specifically mentioned time and attendance requirements such as the use of a time clock as stated in OPA's recommendations. The memorandum sufficiently addressed the recommendations.
39.	Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DCCA	Closed	
74.	Take appropriate disciplinary actions against the three employees who were AWOL.	RMC	Open Delinquent	In his 9/21/01 response, the RMC Chairman disclosed that appropriate disciplinary action was taken against the three employees who were AWOL but failed to provide us the details of the actions taken.
75.	Adjust the leave charges of the three employees by charging each of them as AWOL and crediting each of them regular hours or annual/sick leave.			<p data-bbox="971 1766 1252 1793"><b>Further Actions Needed</b></p> <p data-bbox="971 1829 1409 1887">Recommendation 74 - The Chief of Staff should provide OPA a copy of the</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
79. Discuss with the heads of other agencies the possibility of permanent transfer for 7 temporarily assigned employees, review its staffing requirements, and request only the number of FTEs actually needed by the office.	RMC	Open Delinquent	<p>memorandum taking appropriate disciplinary actions against the three employees who were AWOL.</p> <p>Recommendation 75 - The Chief of Staff should provide OPA copies of the applications for leave and STS evidencing that the employees were charged leave.</p>
			<p><b>Further Action Needed</b></p> <p>The Chief of Staff should inform OPA if further discussions with the heads of other agencies were engaged in and if they finally decided to transfer their employees.</p>
84. Require the Administrative Officer or designee to exercise due care in the review of Summary Time Sheets (STS).	SMO	Open Delinquent	<p>In his 3/20/02 response, the current Mayor requested a ten-day extension in responding to the outstanding recommendations. However, no response was received after the ten-day extension lapsed.</p>
86. Adjust the leave charges of the three employees.	SMO	Open Delinquent	<p>However, the former Mayor of Saipan previously responded that with regards to adjusting the leave charges of the three employees in question, only Employee no. 74708 remained working at SMO, and therefore only that employee's time charges would be adjusted. With regards to Recommendation 87, the former Mayor stated that the person responsible was no longer working at SMO.</p>
87. Investigate the person responsible for filling out the mechanic's time card and impose appropriate disciplinary action. Any action taken in this regard should be written and documented.	SMO	Open Delinquent	<p><b>Further Actions Needed</b></p> <p>Recommendation 84 - The Mayor of Saipan should provide OPA a copy of the written instruction to the Administrative Officer or designee.</p> <p>Recommendation 86 - The Mayor of Saipan should provide OPA copies of the application for leave and STS evidencing that the</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			employees were appropriately charged leave.
			Recommendation 87 - the Mayor of Saipan should provide OPA a copy of the documentation of the violation committed by the employee.
95. Initiate the update of the PSSRJ using CSC's guidelines for granting administrative leave.	SPRC	Closed	In his 3/21/02 response, the Presiding Judge provided OPA a copy of the Superior Court's directive to its personnel on Administrative Leave, which was sufficient to consider the recommendation closed.
104. Require all timekeepers to control in-house comptime records of employees.	NMC	Resolved Delinquent	In a follow-up telephone conversation on 3/29/01, the NMC Controller agreed to provide OPA samples of in-house comptime records of NMC employees to evidence implementation of the recommendation.
			<b>Further Action Needed</b>
			Provide OPA copies of compensatory time records maintained by the Business Office.
108. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	NMC	Open Delinquent	The NMC President continued to disagree with the recommendation.
			<b>Further Action Needed</b>
			The NMC President should reconsider and implement the recommendation.
114. Require all employees to consistently punch the time clock.	PSS	Open Delinquent	On 2/16/01, the PSS Commissioner responded and requested an extension until 3/5/01 to complete their response to OPA's 1/15/01 follow-up letter.
115. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable or when the employee is assigned to a location where no time clock is available), which should be justified and approved by the division manager.	PSS	Open Delinquent	<b>Further Actions Needed</b>  Recommendations 114, 115 and 116 - The PSS Commissioner should provide OPA a copy of the written instruction to employees.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
116. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in the Log-In-and-Out Sheets.	PSS	Open Delinquent	
<b>6. Report No. LT-00-01 issued February 16, 2000 Compilation of CNMI Government-Paid Travel For Fiscal Year 1997</b>			
Date(s) of followup letter(s) sent	: 2/16/00 (CDA), 7/3/00 (CDA), 7/6/00 (NMIRF) (HOUSEREP), 7/11/00 (CPA) (CUC) (GOV) (SENATE) (NMC), 1/17/01 (CPA), 1/18/01 (CUC) (NMC), 1/19/01 (NMIRF), 1/23/01 (HOUSEREP) (SENATE), 1/30/01 (GOV), 8/20/01 (CPA) (NMC) (CUC), 8/21/01 (NMIRF), 8/22/01 (Legislature) (GOV) (SENATE), 3/4/02 (CUC) (GOV) (HOUSEREP) (NMC), 3/5/02 (NMIRF) (SENATE)		
Date(s) of response letter(s) received	: 2/16/00 (CDA), 2/17/00 (NMIRF), 9/27/01 (CUC), 10/4/01 (NMIRF letter of request for extension to respond until 11/3/01), 10/12/01 (CPA), 3/11/02 (HOUSEREP), 3/15/02 (SENATE)		

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Instruct the person in charge of issuing and liquidating travel advances to strictly enforce requirement for trip report submission and timely filing of travel vouchers (TVs). This could be accomplished as follows:	NMC	Open Delinquent	The NMC President, the Senate President, and the House Speaker did not submit written responses.
1. Include trip report in the checklist of required attachments to the TVs (or adopt a checklist if the agency has not adopted one), and ensure that trip report is included with each TV submitted. A missing trip report would constitute an incomplete TV which should be returned to the originator to attach the missing documentation.			<p><b>Further Action Needed</b></p> <p>Provide OPA copies of (1) the written instruction to the person in charge of issuing and liquidating travel advances regarding strict enforcement of requirement for trip report submission and timely filing of TVs; and (2) checklist of required attachments to the TVs including a trip report.</p>
	House Speaker	Closed	<p><i>For Recommendations 1 and 2 - The Speaker of the House of Representatives provided OPA a copy of his 3/11/02 memorandum to all members and staff of</i></p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>2. Strictly enforce the requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and the required sanction of payroll deduction for travelers who failed to timely file TVs. Travelers such as board members who are not part of the government payroll should be required to immediately repay the advances when a complete TV is not timely filed.</p>	<p>CUC</p> <p>Senate Pres.</p> <hr/> <p>Action Required No. 1 and 2 NMIRF NMC</p> <hr/> <p>Action Required No. 1 Gov.</p>	<p>Resolved Active</p> <p>Closed</p> <p>Open Delinquent</p>	<p>the House of Representatives reiterating the policies on government paid travel which was sufficient to consider Recommendation 1 and Recommendation 2 (action required No. 1) closed.</p> <p><i>For Recommendations 1 and 2</i> - In his 9/27/01 response, the CUC Executive Director stated that CUC has drafted a travel policy which will require detailed trip reports in the liquidation of travel authorizations. The new policy will also require payroll deductions for employees with outstanding travel advances. See <i>Further Action Needed</i> for actions to be taken to close the recommendation.</p> <p><i>For Recommendation 1 and Recommendation 2 Action Required No. 1</i> - The Senate President furnished OPA a copy of a 3/15/02 memorandum to all Senate members and staff regarding the inclusion of a trip report in the checklist of required attachments when submitting travel vouchers, and the requirement of not granting new travel advance requests to travelers with unliquidated travel advances. The action taken by the Senate President sufficiently addressed the recommendation.</p> <p>The response from the NMIRF Acting Administrator did not address the recommendation. The Governor's response did not reemphasize the requirement of not granting requested new travel advances to travelers with unliquidated travel advances. The NMC President, Senate President, and House Speaker did not submit written responses.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA copies of the written instruction to the person in charge of issuing and liquidating travel advances regarding strict enforcement of the (1) requirement of not granting requested new travel advances to travelers with unliquidated travel advances, and (2) required sanction of payroll deduction for</p>

<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
			travelers who fail to timely file TVs.

This page was intentionally left blank.

# Autonomous Agencies

---

Commonwealth Development Authority  
Commonwealth Government Employees Credit Union  
Commonwealth Ports Authority  
Commonwealth Utilities Corporation  
Marianas Public Lands Authority  
Marianas Visitors Authority  
Northern Marianas College  
Northern Mariana Islands Government Health and  
Life Insurance Trust Fund  
Northern Mariana Islands Retirement Fund  
Public School System  
Tinian Casino Gaming Control Commission  
Workmen's Compensation Commission



# Commonwealth Development Authority

## I. Report No. AR-00-02 issued on July 10, 2000 Commonwealth Development Authority Audit on Procurement and Costs of Renovating the CDA's Leased Building January 1998 to August 1999

Date(s) of followup letter(s) sent : 1/19/01 (DOF), 1/22/01 (CDA), 1/23/01 (Legislature), 8/21/01 (DOF), 8/22/01 (Legislature) (CDA), 3/4/02 (Legislature), 3/5/02 (CDA), 3/12/02 (DOF)

Date(s) of response letter(s) received: 9/26/00 (DOF), 2/8/01 (CDA request for extension until 3/2/01), 3/1/01 (CDA), 10/01/01 (DOF), 2/12/02 (meeting with AGO), 3/11/02 (CDA), 3/27/02 (DOF request for extension), 4/12/02 (DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CDA Board Chairman should immediately take steps to obtain reimbursement from the lessor of the amount of accrued interest on public funds advanced for the parking lot improvements amounting to \$9,278.31.	CDA	Resolved Active	In his 3/11/02 response, the CDA Comptroller informed OPA that the lessor agreed to reimburse the interest from the parking lot loan. OPA was provided a copy of an agreement where it was stipulated that from November 1, 2001 through October 1, 2006, \$108.38 will be deducted from the \$8,000 monthly rent as payment of interest due from the loan related to parking lot improvements.  As of 4/3/02, the lessor has paid \$325.14 of the total interest leaving a balance of \$8,953.17 still collectible.  <i>Further Action Needed</i>  CDA should provide OPA copies of documents evidencing receipt of payment of the \$9,278.31 in accrued interest until fully collected.
2. The Legislature should amend 1 CMC §7402 of the Planning and Budgeting Act to specifically provide that unused budget authority may not be transferred to subsequent years, and to provide sanctions for violations.	Legislature	Open Delinquent	The Speaker of the House stated that he intended to comply with our recommendation that 1 CMC §7402 of the Planning and Budgeting Act be amended to provide that unused budget authority may not be transferred to subsequent years.  <i>Further Action Needed</i>  We consider this recommendation open

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>4. <i>Original:</i> The Secretary of Finance should require P&amp;S to assess CDA's capability to administer its own procurement regulations. More specifically, P&amp;S should determine whether CDA has adopted the CNMI's procurement regulations. If so, P&amp;S should assess whether CDA has the staff capability to carry out the functions P&amp;S would normally administer, and then make a decision as to whether CDA should be delegated procurement authority.</p> <p><i>As Redirected:</i> AGO should provide a legal opinion on whether or not CDA has the statutory authority to promulgate its own regulations, as requested by the Secretary of Finance.</p> <p><i>As Revised:</i> After receipt of the legal opinion from AGO, DOF should assess whether CDA has the staff capability to carry out the functions P&amp;S would normally administer, and then make a decision as to whether CDA should be delegated procurement authority.</p>	DOF/AGO	Resolved Active	<p>until appropriate legislation is introduced to amend 1 CMC §7402.</p> <p>In the 10/01/01 response from DOF, the Secretary of Finance stated that they cannot resolve the recommendation without a legal determination from AGO whether CDA has the statutory authority to promulgate its own procurement regulations. DOF provided OPA with a copy of their third request to AGO.</p> <p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring AGO's legal opinion.</p> <p>On 4/12/02, the Secretary of Finance provided OPA copies of DOF's memorandum to the AGO requesting a legal opinion on the matter.</p> <p><b>Further Action Needed</b></p> <p>We consider the recommendation open until (1) the Attorney General rules on whether or not CDA has the statutory authority to promulgate its own regulations, as requested by the Secretary of Finance; (2) if it does not, P&amp;S determines whether CDA has the staff capability to carry out the functions P&amp;S would normally administer; and (3) P&amp;S then makes a decision as to whether CDA should be delegated procurement authority.</p>

**2.Commonwealth Development Authority  
Independent Auditor's Report on Internal Control and on Compliance  
Over Financial Reporting Based Upon the Audit Performed**

**in Accordance with Government Auditing Standards  
Year Ended September 30, 2001**

Date(s) of followup letter(s) sent : 3/5/02  
Date(s) of response letter(s) received: 3/11/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CDA should ensure that follow-up procedures on past due loans are adhered to. Legal action should be considered for those loans which are considered unlikely to be serviceable by the borrower.	CDA	Resolved Active (Outstanding since FY1994 Single Audit)	<p>In his 3/11/02 response, the CDA Comptroller stated that CDA is exploring alternatives, including appropriate legal action to help resolve the situation. However, full recovery will be dependent upon improvement of the overall economy.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p>Provide OPA semi-annual updates of the actions taken for follow-up, and renegotiate past due loans until full recovery.</p>
2. CDA should review instances of noncompliance with the requirements of the <i>Policies and Regulations for the Microloan Program Fund</i> (the manual) and determine if corrective action is necessary. CDA should also recommend that CDA comply with the manual's requirements.	CDA	Resolved Active	<p>In the 3/11/02 response by the CDA Comptroller, he stated that for FY2001, this finding related only to two files and involved documentation of required insurance policies by the client. The loan department of CDA is in the process of developing a system to monitor the status of all loan files specifically for insurance.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p>Provide OPA results of review of all files and the corrective actions taken.</p>
3. NMHC should ensure that restricted asset balances are accurately and fully maintained.	NMHC	Resolved Active (Outstanding since FY1999 Single Audit)	<p>NMHC has restored the restricted amounts as per their agreement with MPLT. Further NMHC is now forecasting and computing the required deposits amounts on a timely basis.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p>Provide OPA copy fo actions taken to adhere to the terms of the agreement with various entities to maintain restricted cash accounts at specified levels.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. NMHC should review the monthly reports and ensure that current tenants living in units and assistance amounts are properly reported in the monthly request for Housing and Urban Development (HUD) assistance.	NMHC	Closed	NMHC had performed a software conversion in September which led to the oversight. The required adjustments have been completed. NMHC is pleased that the total number of findings in the management and filing of documents dramatically improved for the current year.
5. CDA should ensure proper reporting of SF-272's to HUD.	NMHC	Open Active (Outstanding since FY2000 Single Audit)	<p>NMHC concurs with the finding and will take appropriate action to avoid the problem in the future.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA copy of actions taken to review the SF-272 reports and ensure that the proper amount of expenditures is reported to HUD.</p>

# Commonwealth Government Employees Credit Union

## I. Commonwealth Government Employees Credit Union Independent Auditor's Report on Compliance and on Internal Control Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards Year Ended December 31, 1997

Date(s) of followup letter(s) sent : 7/12/00, 1/22/01, 8/23/01, 3/5/02

Date(s) of response letter(s) received: 4/2/01 (follow-up telephone conversation)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CGECU should ensure that the general ledger balances for loans and deposits are reconciled with the subsidiary ledgers on a periodic basis.	CGECU	Resolved Delinquent (Outstanding since FY1996 Single Audit)	In a follow-up telephone conversation on 4/2/01, the Manager of the Credit Union informed OPA that they are in the process of inputting the December 2000 balances from the DBASE (old software) to the FOXPRO (new software), which they anticipate will be completed by the end of April 2001. With the new software, subsidiary ledgers can easily be balanced with the general ledger. Also, they will be able to print out accrued interest receivable on loans with payments not sufficient to cover interest accrued through the end of the month.
2. CGECU should reconcile the general ledger with the subsidiary ledger on a monthly basis after all audit adjustments for FY 1997 are posted.	CGECU	Resolved Delinquent (Outstanding since FY1996 Single Audit)	<b>Further Action Needed</b>
3. CGECU should follow the guidance in the Financial Accounting Standards Board (FASB) Statement No. 91, and should amortize deferred loan fees into income as an adjustment of interest income.	CGECU	Closed	Recommendation 1 and 2 - Provide OPA copies of subsidiary and general ledgers generated from the new software.  With the help of accounting firm staff, CGECU has complied with FASB No. 91 for the year 1998 and will continue to comply with the statement.

# Commonwealth Ports Authority

## I. Report No. AR-95-17 issued October 2, 1995 Audit of Board-Related Transactions and Purchase of Vehicles for the Department of Public Works

Date(s) of followup letter(s) sent: 11/20/95, 3/7/96, 12/5/96, 2/02/98, 9/18/98, 11/22/99, 7/11/00, 1/17/01, 8/20/01, 3/5/02

Date(s) of response letter(s) received: 3/27/96, 12/24/96, 3/27/99, 10/12/01, 1/29/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2.	CPA	Resolved Active	<p>In his letter response dated 3/27/96, the former Board Chairman stated that out of the \$42,191 improper reimbursements, \$2,060 has been repaid (\$808.60 was offset against travel receivables and \$1,251.60 was directly paid to CPA), leaving a balance of \$40,131 still collectible.</p> <p>On 10/12/01, the CPA Executive Director informed OPA that this matter was referred to AGO for review and action. AGO has yet to issue a determination on whether the recommendation should be pursued in court. CPA suggested that OPA ask AGO for a response in this matter.</p> <p><b>Further Action Needed</b></p> <p>CPA should provide its referral letter to AGO as a basis for redirecting the recommendation.</p>
4.	CPA	Resolved Active	<p>In his 10/12/01 response, the CPA Executive Director expressed his belief that existing laws on financial interest violations <i>i.e.</i>, Government Ethics Code, are adequate and addresses this recommendation. CPA, however, has adopted a separate set of Ethics Policy Guidelines that are set forth in its new Personnel Rules and Regulations. CPA's Personnel Rules and Regulations containing its Ethics Policy Guidelines were published in the Commonwealth Register on 1/29/02 for review and comments by interested parties until 2/29/02.</p> <p><b>Further Action Needed</b></p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

The Executive Director should provide OPA copies of CPA's New Personnel Rules and Regulations upon its adoption.

**2.Report No. AR-00-03 issued July 20, 2000  
Commonwealth Ports Authority  
Audit of the Compensatory Time Claimed and Retirement Benefits  
Paid to Two Former Officials of the CPA**

Date(s) of followup letter(s) sent:1/17/01 (CPA), 1/19/01 (NMIRF), 8/20/01 (CPA), 8/21/01 (NMIRF), 3/5/02 (CPA) (NMIRF)

Date(s) of response letter(s) received:8/31/01 (meeting with CPA), 10/4/01 (NMIRF letter of request for extension to respond until 11/3/01), 10/12/01 (CPA), 1/29/02, 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. The CPA Board of Directors should adopt personnel rules and regulations that are: (a) within the authority granted by the Commonwealth Ports Authority Act and other CNMI laws such as the Compensation Adjustment Act, (b) consistent with and governed by the same principles of fairness and equality as the CNMI Personnel Regulations, thereby eliminating authorization for FLSA-exempt (executive, administrative and professional) officials and employees to earn comptime, and the granting to six designated officials of 14 annual leave hours per payperiod, or 360 hours per year.</p>	CPA	Open Active	<p>In his letter response dated 5/12/00, the CPA Board Chairman disagreed with Recommendation 1. He believed that CPA is not required or obliged to adopt rules and regulations similar or identical to the CNMI Personnel Regulations. He also stated that CPA's system of compensation is generally commensurate with the rest of the Commonwealth government. He further said that the granting of 14 hours annual leave per pay period to designated officials is a matter of personnel policy.</p> <p>In his 10/12/01 response, the CPA Executive Director also disagreed with OPA's conclusion that CPA is required to adopt personnel rules and regulations that are similar, if not identical, to the CNMI's PSSRR. He stated that matters involving CPA personnel regulations, policies and benefits are strictly for the CPA board to decide. The Executive Director, suggested that the legislature could always review the matter and make recommendations to CPA to enact remedial legislation.</p> <p>In the proposed CPA Personnel Rules and Regulations, the CPA Executive Director has proposed provisions enumerated under</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required	
2.	The CPA Board of Directors should establish necessary control procedures for approval and documentation of overtime and comptime.	CPA	Resolved Active	<p>Sections 3.05 and 3.07 which addressed OPA's recommendation of eliminating the grant to FLSA-exempt officials and employees to earn overtime or comptime. Also, Section 5.02 of the proposed Personnel Rules and Regulations states that "Employees shall accumulate annual leave at the same rate as such leave time would be accumulated by employees of the Government of the Commonwealth of the Northern Marianas Islands." However, upon inquiry to the CPA Office Manager, OPA learned that CPA still granted the 14 annual leave hours for the last personnel contract executed. The proposed Personnel Rules and Regulations were published in the Commonwealth Register on January 29, 2002 for review and comments by interested parties until February 29, 2002.</p> <p><b>Further Action Needed</b></p> <p>The CPA Executive Director should provide OPA copies of the new CPA Personnel Rules and Regulations upon their adoption. Also, upon adoption of the Personnel Rules and Regulations, CPA should stop the granting of 14 annual leave hours to six of its officials. Personnel contracts should be amended to reflect the granting of the maximum 8 annual leave hours.</p>
				<p>The CPA Executive Director has proposed necessary control procedures for approval and documentation of overtime and comptime which were enumerated under Section 3.07 of the proposed CPA Personnel Rules and Regulations. The proposed Personnel Rules and Regulations were published in the Commonwealth Register on January 29, 2002 for review and comments by interested parties until February 29, 2002.</p> <p><b>Further Action Needed</b></p> <p>The CPA Executive Director should provide OPA copies of the new CPA Personnel Rules and Regulations upon its adoption.</p>
3.	The CPA Board of Directors should comply with the Administrative Procedure Act by	CPA	Resolved Active	<p>CPA published its proposed Personnel Rules and Regulations in the Commonwealth Register on January 29, 2002 for review and</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
publishing the CPA Personnel Regulations in the Commonwealth Register.			comments by interested parties until February 29, 2002.  <b>Further Action Needed</b>  The CPA Executive Director should provide OPA copies of the new CPA Personnel Rules and Regulations upon its adoption.
4. The CPA Board of Directors should adopt personnel rules and regulations that are in compliance with the Retirement Fund Act, thereby repealing the regulation that allows conversion of unused comptime hours to accumulated sick leave for certain officials.	CPA	Resolved Active	In his 10/12/01 response, the CPA Executive Director disagreed with the recommendation and stated that if accrued sick leave is being treated by the NMIRF in computing an employee's length of service, accrued comptime should also be treated by the NMIRF in computing the length of service because comptime hours are given for services actually performed unlike sick leave which is merely a personnel benefit given to the employee. The CPA Executive Director suggested that it is really up to the NMIRF to decide the issue.  Under the proposed CPA Personnel Rules and Regulations, the CPA Executive Director has proposed a provision enumerated under Section 3.07(5) which addressed this recommendation.  <b>Further Action Needed</b>  The CPA Executive Director should provide OPA copies of the new CPA Personnel Rules and Regulations upon its adoption.
5. <i>Original:</i> The CPA Board of Directors should instruct the CPA Accounting Department to stop the practice of making advance payments of unused annual leave and salary, and comply with the provision in the employment contracts that payments will be made upon contract expiration. In the case of retiring employees not covered by employment contracts, payment should be made on the next payday following the termination of employment or on payroll due dates.	CPA Redirected to AGO	Resolved Active	In his 10/12/01 response, the CPA Executive Director disagreed with the recommendation and stated that there is nothing illegal about making advanced leave payments for annual leave that has already accrued or advancing a salary that an employee has already earned. He further stated that this is a matter that rests exclusively with the CPA Board.  In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring AGO's legal opinion.  <b>Further Action Needed</b>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p><i>As Redirected:</i> The AGO should provide its legal opinion on the propriety of CPA's practice of making advance payments of unused annual leave and salary, instead of complying with the provision in the employment contracts that payments will be made upon contract expiration. In the case of retiring employees not covered by employment contracts, payment should be made on the next payday following the termination of employment or on payroll due dates.</p>			<p>AGO should provide OPA a copy of its legal opinion on the matter.</p>
<p>6. The CPA Board Chairman should request the NMI Retirement Fund to (a) adjust the pension amount of the former CPA Executive Director based on the average annual salary and creditable years of service per audit, (b) discontinue pension payments to the former CPA Security Chief who is not qualified to receive early retirement benefits, and (c) recover improper payments of retirement benefits to the two former CPA officials in accordance with the NMIRF Act.</p>	CPA	Resolved Active	<p>On 5/25/00, CPA conducted a hearing through its Personnel Affairs Committee. In its written decision, the Committee stated that the 1,800 hours of comptime claimed by the former Security Chief had a factual basis and were justified, and therefore reaffirmed its decision and allowed it to stand. Also, on 6/17/00, the Committee wrote a letter to the former Executive Director about OPA's findings and conclusion on the comptime he claimed during his employment at CPA. The Committee added that it had no way to independently determine the veracity of the total number of comptime hours claimed by the former Executive Director, and advised him to present his position to OPA regarding the comptime hours claimed.</p>
			<p>In his 10/12/01 response, the CPA Executive Director stated that NMIRF reduced the pension benefit of the former Executive Director and discontinued the pension benefit of the former Chief of Security. Both matters are now undergoing administrative adjudication before NMIRF and before the Superior Court. Therefore, until NMIRF renders its administrative decisions and until the court adjudication becomes final, CPA cannot implement the recommendation.</p>
			<p><b>Further Action Needed</b></p>
			<p>The CPA Executive should inform OPA of the administrative decision made by NMIRF and the court adjudication, including any action</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
8. The Fund Administrator should instruct his staff to recalculate and adjust the pension benefits of all other fund members by disregarding overtime and comptime hours that were considered as additional credited service.	NMI Retirement Fund	Resolved Active	<p>taken as a result of such final rulings on the matter.</p> <p>NMIRF obtained the legal opinion of AGO on whether overtime and compensatory time can be used to determine the benefit amount of a retirement annuity.</p> <p>AGO in its legal opinion dated 6/9/00, stated that overtime and compensatory time may not be used to calculate the amount of benefit, but only for determining eligibility for retirement. AGO also stated that overtime and compensatory time cannot be used to determine the amount of the benefit paid to a retiree by the Retirement Fund.</p> <p>AGO recommended that re-calculation of benefits to affected members should be made, and the amount of overpayments should be determined. AGO further stated that members should be informed and advised of their right to appeal an adverse determination. If no appeal is filed, then the collection process must be undertaken by the NMIRF.</p> <p>The Fund is in the process of determining which beneficiaries have been overpaid. Further actions will be taken after this determination, <i>i.e.</i>, informing affected beneficiaries, appeal and collection process, etc.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA evidence that corrective action to adjust the benefits of all other affected fund members has been taken based on AGO's legal opinion.</p>
9. The Fund Administrator should recover improper payments to the two former CPA officials totaling \$126,730.06, and also from all other fund members who have been overpaid by including overtime and comptime in the computation of their retirement annuity. If any problems exist in recovering overpayments, refer the matter to the Attorney General for legal	NMI Retirement Fund	Open Delinquent	<p>On 5/15/00, the Fund began withholding 50% of the former CPA Executive Director's semi-monthly pension. The Fund also conducted two separate agency hearings in connection with the retirement benefits improperly paid or being paid to the former Executive Director and former Security Chief. In its decision dated 2/15/01, the Fund's Board of Trustees affirmed the decision and actions of its Administrator in terminating the retirement benefit of the former Security Chief. Also, in a</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
action.			<p>letter dated 7/27/00, AGO concurred with the findings of OPA and determined that the overpayment to the former Security Chief of CPA must be recovered. The Fund's Board of Trustees has not yet issued its decision on the case of the former Executive Director.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA evidence of a written settlement plan with the former CPA Security Chief requiring repayment to the Retirement Fund.</p>
<p>10. The Fund Administrator should inform all government agencies how to compute retirement annuities, clearly explaining that overtime and comptime hours may not be considered as part of credited service.</p>	<p>NMI Retirement Fund</p>	<p>Open Delinquent</p>	<p>AGO in its legal opinion dated 6/9/00, stated that overtime and compensatory time may not be used to calculate the amount of benefits, but only to determine eligibility for retirement. AGO also stated that overtime and compensatory time cannot be used to determine the amount of the benefits paid to a retiree by the Retirement Fund. The Fund Administrator has yet to begin informing all government agencies about the proper computation of retirement annuity, clearly explaining the exclusion of overtime and comptime from credited service based on AGO's legal opinion.</p> <p><i>Further Action Needed</i></p> <p>Provide OPA evidence that the recommendation has been implemented.</p>

**3.Commonwealth Ports Authority**  
**Independent Auditor's Report on Internal Control and on Compliance**  
**Over Financial Reporting Based Upon the Audit Performed**  
**in Accordance with Government Auditing Standards**  
**Year Ended September 30, 2001**

Date(s) of followup letter(s) sent:  
Date(s) of response letter(s) received:

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. CPA management should implement procedures to notify the accounting department of substantial completion of construction projects. Such procedures should involve an internal document, separate from the construction manager's official certification of completeness, to notify the accounting department that certain assets are in place and in use and should be depreciated. CPA should review completed projects and CIP accounts to properly allocate capitalizable interest.	CPA	Resolved Active (Outstanding since FY 1998 Single Audit)	<p>CPA is revising its procedures to now require the Engineering Department to issue official notice to the Accounting Office on projects substantially completed or accepted for beneficial occupancy rather than when the project is 100% complete or officially closed out by the engineers.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA copy of documents showing procedures implemented to document substantial completion of construction projects.</p>
2. CPA should monitor its insurance coverage for the Airport facilities to prevent potential losses and to comply with bond covenants.	CPA	Resolved Active (Outstanding since FY2000 Single Audit)	<p>The CPA records on airport fixed assets initially provided to the insurance firm will be reconciled with CPA fixed assets schedule per audit to determine specific assets not covered under CPA's insurance policy.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA copy of reconciliation of insurance coverage for the Airport facilities.</p>
3. CPA should review all revenue generating sources to ensure that amounts collected will be sufficient to meet the requirements of the Seaport Bond Indenture Agreement.	CPA	Resolved Active	<p>CPA is reinstating its rate increases on port fees by 4/1/02 at the level as originally planned in 10/1/01. The increase was deferred for 6 months to provide relief to CNMI consumers on rising costs of shipped goods.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA copy of actions taken to address the recommendation.</p>

# Commonwealth Utilities Corporation

## I. Report No. AR-95-12 issued August 16, 1995 Audit of Advances to the Former Executive Director

Date(s) of followup letter(s) sent : 12/3/96, 2/20/97 (AGO), 2/02/98, 3/3/98 (AGO), 6/9/98 (AGO), 9/18/98, 11/22/99, 1/26/99, 1/5/00 (AGO), 7/11/00 (CUC), 7/12/00 (AGO), 1/17/01 (AGO), 1/18/01 (CUC), 8/20/01 (CUC), 3/4/02 (CUC)  
Date(s) of response letter(s) received: 4/4/97 (AGO), 4/20/98 (AGO), 7/18/00 (CUC), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO), 9/27/01 (CUC)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The CUC Executive Director should require the Comptroller to establish procedures to ensure that advances to employees are monitored, and that collection actions are initiated on all advances that remain unliquidated beyond the period allowed by law.	CUC	Resolved Delinquent	In his 9/27/01 response, the CUC Executive Director instructed the CUC Comptroller to establish procedures to monitor advances and initiate collection of travel advances that are not liquidated on time.  <i>Further Action Needed</i>  CUC should establish procedures relating to the monitoring of advances to employees and provide a copy of the procedures to OPA.
6. The CUC Executive Director should establish and implement written policies and procedures regulating official representation, entertainment, and other expenses of similar nature. The policy should clearly indicate the officials authorized to incur such expenses, the circumstances when such expenses may be incurred, dollar limits on the amount that may be spent, and the places where such entertainment may be conducted. The procedures should include instructions on how to request advances and document official representation expenses.	CUC	Resolved Delinquent	On 7/18/00, the Executive Director provided OPA with a draft copy of policies regulating official representation and business entertainment expenses.  In his 9/27/01 response, the CUC Executive Director stated that CUC will prepare to adopt the official representation policies at their next regular Board meeting.  <i>Further Action Needed</i>  CUC should provide OPA with a copy of the adopted policies and procedures.
8. The CUC Executive Director should require the Comptroller to develop procedures on purchases requiring cash payment, wire transfers, and allowability of cash purchases for reimbursement.	CUC	Resolved Delinquent	In his 9/27/01 response, the CUC Executive Director stated that the CUC Comptroller has been tasked to establish procedures to ensure compliance with Recommendation No. 8 (purchases requiring cash payment, wire transfers, and allowability of cash purchases for reimbursement).

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<i>Further Action Needed</i>
			CUC should provide OPA with a copy of the procedures.
10. The CUC Executive Director should require the Comptroller to check CUC records to ensure that items purchased by the former Executive Director were actually received by CUC.	CUC	Open Delinquent	In his 9/27/01 response, the CUC Executive Director stated that the Comptroller was instructed not to allow purchases of goods to be executed by way of travel advances.
			<i>Further Action Needed</i>
			CUC should provide OPA with a plan of action to ensure that items purchased by the former Executive Director were received.
12. The CUC Executive Director should formally adopt the CNMI policy on travel accommodations and car insurance.	CUC	Resolved Delinquent	The Executive Director responded that the CUC Board of Directors would adopt travel policies, either those of the CNMI or others adapted to fit CUC.
			The response from the CUC Executive Director dated 9/27/01 did not address the recommendation.
			<i>Further Action Needed</i>
			CUC should provide OPA with a copy of the adopted travel policies.

**2. Report No. LT-01-07 issued November 23, 2001  
Commonwealth Utilities Corporation  
Audit of Travel of the Board of Directors,**

**Key Management and Other CNMI Government Officials  
from October 1999 through March 2001**

Date(s) of followup letter(s) sent : 3/4/02  
Date(s) of response letter(s) received: 1/17/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
We recommend that:			
1. The Board immediately adopt rules on travel and per diem rates that are identical to CNMI travel policies for all travel made by Board members.	CUC	Closed	On January 17, 2002, a new travel policy was adopted by the Board of Directors. OPA was provided a copy of the adopted travel policy which sufficiently addressed this recommendation.
2. The Chairman of the Board issue a directive that serves to enforce the following specific policies concerning processing of Board member travel:	CUC	Closed	On January 17, 2002, a new travel policy was adopted by the Board of Directors. OPA was provided a copy of the adopted travel policy which sufficiently addressed this recommendation.
<ul style="list-style-type: none"> <li>• Off-island travel should be conducted using only economy class fares.</li> <li>• Travel advances should be approved only after determining that there are no previous travel advances to the traveler outstanding for over two weeks, unless an emergency situation exists.</li> <li>• Travel advances may be issued only for per diem and ground transportation.</li> <li>• Per diem or subsistence allowance may be paid only after the conditions specified under CNMI travel policies have been met.</li> <li>• Travel advances must be liquidated within 15 days after completion of travel.</li> <li>• Immediate payroll deduction should be initiated if travelers fail to liquidate travel advances within 25 days of trip completion.</li> <li>•</li> </ul>			
3. The Chairman of the Board issue a directive that ensures that Board members adhere to the following CNMI travel policies when processing Board travel:	CUC	Resolved Active	CUC agreed with this recommendation by stating that it will incorporate into its proposed travel policy the 80% ceiling on travel advances and the submission of detailed trip report by travelers.



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<ul style="list-style-type: none"> <li>Travel advances shall not exceed the 80 percent ceiling.</li> <li>Any outstanding travel advance for cancelled trips shall be immediately returned to CUC.</li> <li>Travelers shall submit detailed trip reports.</li> </ul>	CUC	Closed	<p><i>Further Actions Needed</i></p> <p>CUC should provide OPA a copy of the adopted travel policy.</p>
4. The Chairman of the Board and the Executive Director initiate recovery of any overpayments mentioned in this report.	CUC	Closed	<p>CUC agreed with our recommendation regarding the immediate return of travel advances received for cancelled trips. As of the response date, the entire amount advanced has been returned. We also closed the findings pertaining to Travel Authorization (TA) nos. 00-410, 00-353, 00-355, 00-398, 00-275, 00-363, 00-411 and 01-104 shown in Appendix A since CUC provided adequate information to support the validity of the pertinent travel costs.</p>
		Resolved Active	<p>The findings pertaining to TA nos. 01-270, 00-375, and 00-254 shown in Appendix A are considered resolved pending the submission of pertinent documents needed to close the recommendation. CUC also agreed to collect the erroneous per diem payments (rather than subsistence allowance).</p>
		Open Active	<p><i>Further Actions Needed</i></p> <p>CUC should provide OPA with the following:</p> <ul style="list-style-type: none"> <li>TA no. 01-270- minutes of meeting with the negotiation committee,</li> <li>TA no. 00-254- certification from the travel agent, and</li> <li>TA no. 00-375 and TA's with erroneous per diem payments - proof of collection.</li> </ul> <p>The findings pertaining to TA nos. 00-238 and 00-404 are considered open. We recommend that CUC reconsider its position on these matters.</p>
5. The Executive Director continue the effort to standardize and conform CUC's travel policies and procedures	CUC	Resolved Active	<p>CUC agreed with this recommendation and stated that it had drafted a travel policy consistent with the CNMI Executive</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>to 1 CMC § 7407 of the Planning and Budgeting Act which requires submission of a detailed trip report and documented travel expenditures after completion of government travel. Also, include written procedures and a checklist to assist in verifying the validity and accuracy of amounts claimed as travel expenses. As for the liquidation of travel advances, CUC may continue with its 10-day liquidation period policy as it is even more stringent than the CNMI travel policy of 15 days.</p>			<p>Branch policy applicable to both Board members and employees.</p> <p><i>Further Actions Needed</i></p> <p>CUC should provide OPA a copy of the adopted travel policy.</p>

**3.Commonwealth Utilities Corporation**  
**Independent Auditor's Report on Internal Control and on Compliance**  
**Over Financial Reporting Based Upon the Audit Performed**  
**in Accordance with Government Auditing Standards**  
**Year Ended September 30, 1998**

Date(s) of followup letter(s) sent : 7/11/00, 1/18/01, 8/20/01, 3/4/02  
 Date(s) of response letter(s) received:

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. CUC should ensure that billings are accurately processed, editing procedures are performed prior to processing of billings, and follow-up of customer disputes is implemented on a more timely basis.</p>	CUC	<p>Open Delinquent (Outstanding since FY1994 Single Audit)</p>	<p>Provide OPA with copy of procedures implemented to address misstatement of revenue and accounts receivable that occur when billings are not accurately processed, edited and timely entered in the accounts receivable system, as stated in the auditee's response.</p>
<p>2. CUC should execute formal agreements with all owners of land on which CUC has assets.</p>	CUC	<p>Open Delinquent (Outstanding since FY1996 Single Audit)</p>	<p>Provide OPA with executed formal agreements with landowners for CUC's use of parcels of land, as stated in the auditee's response.</p>
<p>3. CUC should implement policies and procedures to ensure the timely follow-up and collection of balances due.</p>	CUC	<p>Open Delinquent (Outstanding since FY1994 Single Audit)</p>	<p>Provide OPA with actions taken by the Internal Auditor to periodically monitor delinquent accounts receivable, as stated in the auditee's response.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. CUC should ensure that billing rates are entered accurately, and assigned customer rates are reviewed periodically to ensure that the appropriate rates are applied.	CUC	Open Delinquent	Provide OPA with actions taken in FY2000 to review customer rates for water, as stated in the auditee's response.
5. CUC should ensure strict adherence to procurement policies and procedures.	CUC	Open Delinquent	Provide OPA with steps taken to document pre-approved procurement actions by the Executive Director and/or Comptroller.
6. CUC should pre-approve and appropriately document all non-emergency overtime.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with a copy of the document reminding Division managers and supervisors of CUC Policies and Procedures denying non-emergency overtime that has not been pre-approved.
7. CUC should implement a system whereby a receivable/payable account records all cash received from the grantor agency and records all related expenditures.	CUC	Open Delinquent (Outstanding since FY1990 Single Audit)	Provide OPA with a copy of the accounting section's reconciliations of grant receivables, payables, expenditures, and contributed capital on a monthly basis, as stated in the auditee's response.
8. CUC should ensure implementation of reconciliation procedures between the records of the Federal Programs Coordinator and the Comptroller's office on a quarterly basis, to ensure completeness of recording of projects in the general ledger.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with a copy of accounting section's reconciliations of grants, to ensure that all contributed assets and capital are properly recorded.
9. CUC should reconcile with appropriate CNMI officials the balance due from the CNMI and record any necessary adjustments.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with a copy of reconciliations of balance due from the CNMI per CUC's books with the balance recorded in the books of the CNMI government.
10. CUC should ensure that all long outstanding balances that are included in the other receivables and travel advances account, as of September 30,1998, are reviewed and expensed where necessary.	CUC	Open Delinquent (Outstanding since FY1993 Single Audit)	Provide OPA with a copy of actions taken to review advance and prepayment accounts, as stated in the auditee's response.
11. CUC should ensure that final inventory listings reflect quantities of items counted at balance sheet date.	CUC	Open Delinquent (Outstanding since FY1994 Single Audit)	Provide OPA with copy of procedures instituted to ensure that the count and inventory records match, as stated in the auditee's response.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
12. CUC should reconcile its inventory listing to cost documentation.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with a copy of the procedures instituted to ensure that the count and inventory records match, as stated in the auditee's response.
13. CUC should retain supporting invoices or other appropriate documentation to substantiate inventory cost, and completely overhaul the parts inventory system to prevent further errors.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with copy of pre-payment procedures adopted to ensure that invoices, when received, are filed with all applicable supporting documents, as stated in the auditee's response.
14. CUC should implement appropriate procedures to restrict access to inventory items and to keep accurate records of all inventory items issued.	CUC	Open Delinquent (Outstanding since FY1996 Single Audit)	Provide OPA with procedures implemented which restrict access to all storerooms to only warehouse personnel, as stated in the auditee's response.
15. CUC should ensure that proper construction work-in-progress records are maintained.	CUC	Open Delinquent (Outstanding since FY1988 Single Audit)	Provide OPA with copies of reports generated by the current computerized systems for work orders, as stated in the auditee's response.
16. CUC should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments. Additionally, we recommend that CUC implement a system of tagging fixed assets and perform periodic counts to ensure their continued existence.	CUC	Open Delinquent (Outstanding since FY1988 Single Audit)	Provide OPA with adjustments made on applicable asset and capitalization accounts, as well as procedures for tagging and performing periodic counts of fixed assets, as stated in the auditee's response.
17. CUC should ensure that the fixed asset register is reconciled with the general ledger on a monthly basis.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with a copy of the reconciliation of fixed asset register to the general ledger, as stated in the auditee's response.
18. CUC should implement a policy with respect to required insurance coverage levels.	CUC	Open Delinquent (Outstanding since FY1989 Single Audit)	Provide OPA with results of exploring sources and evaluating cost proposals for obtaining insurance coverage for its fixed assets, as stated in the auditee's response.
19. CUC should review its system of recordkeeping, and establish policies and procedures to ensure that utility	CUC	Open Delinquent	Provide OPA with a copy of the promissory note agreement between CDA and CUC, as stated in the auditee's

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
service applications are appropriately maintained.			response.
20. CUC should implement appropriate policies and procedures to ensure recording of all liabilities in the appropriate fiscal year.	CUC	Open Delinquent	Provide OPA with a copy of procedures adopted to ensure that all change orders are approved prior to additional work being performed, as stated in the auditee's response.
21. CUC and CDA should come to an agreement regarding the precise nature of the \$10M note payable by CUC to CDA, and document such an agreement accordingly.	CUC	Open Delinquent (Outstanding since FY1995 Single Audit)	Provide OPA with copy of promissory note agreement between CDA and CUC, as stated in the auditee's response.
22. CUC should establish a separate reserve account to account for both the 15 cents per gallon set aside and the related expenditures.	CUC	Open Delinquent (Outstanding since FY1997 Single Audit)	Provide OPA with action taken to establish a special reserve account, as stated in the auditee's response.
23. CUC should ensure that all amounts requested for reimbursement are adequately supported.	CUC	Open Delinquent	Provide OPA with actions taken to ensure that reimbursements are supported by adequate documentation.
24. CUC should ensure that all progress billings are accompanied by appropriately approved stage-of-completion documentation.	CUC	Open Delinquent	Provide OPA with a copy of requests for payment signed by the Executive Director, and include certification as to the stage of completion of the project.

# Marianas Public Lands Authority

**I.Report No. AR-95-18 issued October 10, 1995  
 Division of Public Lands (DPL)  
 (Currently Marianas Public Lands Authority)  
 Audit of Credit Card and Related Travel Transactions**

Date(s) of followup letter(s) sent: Verbal follow-ups made through the telephone, 11/29/96, 12/3/96, 2/20/97 (AGO), 11/20/97, 9/17/98 (AGO), 3/3/98 (AGO), 9/18/98 (DLNR), 11/23/99 (DLNR), 1/26/99, 1/5/00 (AGO), 7/6/00 (DPL), 7/12/00 (AGO), 1/17/01 (AGO), 1/24/01 (DLNR), 8/21/01 (AGO), 8/23/01 (OPL)

Date(s) of response letter(s) received: 11/14/95, 6/27/96, 4/4/97 (AGO), 9/11/97, 4/20/98 (AGO), 3/17/99, 10/21/99 (DPL), 1/20/00 (AGO), 6/2/00 (DPL), 9/27/00 (DPL), 10/31/00 (meeting with Coordinating Group on DLNR), 11/7/00 (meeting with Coordinating Group on AGO), 2/8/01 (DPL), 2/22/01 (DPL), 3/9/01 (AGO), 8/30/01 (OPL), 9/28/01 (OPL), 2/12/02 (meeting with AGO), 3/6/02 (MPLA)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. <i>Original:</i> -The Secretary of DLNR should require the cardholders to reimburse the Marianas Public Land Corporation (MPLC) for all the unallowable and unsupported credit card charges, unless they can specifically relate the charges to MPLC official business and present supporting documents. If necessary, the Secretary of DLNR and the Director of DPL should seek the assistance of the Attorney General to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p> <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General should take appropriate action to recover the personal, unallowable, and unsupported credit card charges from the cardholders.</p>	<p>AGO</p>	<p>Resolved Active</p>	<p>The status of the actions taken against the five cardholders is as follows:</p> <p>a) The Former Executive Director entered into a settlement agreement in which he agreed to pay back in excess of \$54,000. The payment was made by release of retirement benefits that were owed to him, and by transferring private property to the CNMI government and waiving a potential land claim.</p> <p>b) The former Board Chairman and Rota Board member signed promissory notes for \$15,646.87 and \$25,673.29, respectively, with the AGO requiring monthly payments to the Division of Public Lands.</p> <p>c) The former Tinian Board member entered into a settlement agreement for \$11,657 payable in monthly installments of \$250 to DPL beginning January 2000.</p> <p>d) The case against the former Comptroller was tried as a bench trial in the CNMI Superior Court in January 2001. A judgment arising from that trial is pending.</p>
<p>2. <i>Original:</i> The Secretary of DLNR should recover from the cardholders the amount of \$45,698.</p> <p><i>As Revised and Redirected to the Attorney General's Office:</i> The Attorney General's Office should take appropriate action to recover the amount of \$45,698 from the</p>	<p>AGO</p>	<p>Resolved Active</p>	<p>In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring specific actions to be taken by AGO.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>cardholders.</p> <p>4. <i>Original:</i> The Secretary of DLNR should review and evaluate whether charges for official representation expenses were properly chargeable to MPLC, and recover improper charges from the former Executive Director.</p>	AGO	Resolved Active	<p><i>Further Action Needed</i></p> <p>AGO should provide OPA copies of documents showing conveyance of the former Executive Director's property to ensure settlement of the debt. In addition, AGO should provide copy of any judgment arising from the trial in the lawsuit filed against the former Comptroller.</p>
<p><i>As Revised and Redirected to the Attorney General's Office -</i> The Attorney General's Office should take appropriate action to recover improper representation expense charges from the former Executive Director.</p>			
<p>6. The Secretary of DLNR should instruct the current Comptroller to determine the correct balance of the travel advance account, and forward advances not reimbursed to DOF for collection. The remaining travel advance balances of cardholders/travelers still working for the Government should be recovered through salary deduction. For employees/officials who no longer work for the Government, the assistance of the Attorney General should be sought to collect the outstanding balances.</p>	MPLA (formerly DPL)	Resolved Active	<p>The former Tinian Board member opted to enter into a settlement agreement for \$11,657, to be paid in monthly installments of \$250 to the Marianas Public Lands Authority (MPLA), beginning January 2000. The former Board Chairman and Rota Board member both signed promissory notes for \$15,646.87 and \$25,673.29, and will make payments of \$50 and \$200 respectively, directly to MPLA. Total amount to be recovered is \$52,977.16.</p> <p>As a result, MPLA now maintains subsidiary ledgers to record payments received from the former Tinian Board member who signed the settlement agreement, and the former Board Chairman and Rota Board member who both signed promissory notes.</p> <p>As of February 2002, the former Tinian Board member has a balance of \$8,982, the former Board Chairman has a balance of \$10,321.84 and the former Rota Board member has a balance of \$15,873.29.</p>
			<p><i>Further Action Needed</i></p> <p>MPLA should provide OPA copies of the subsidiary ledgers which record payments received from the Tinian Board member who signed the settlement agreement, and from the former Board Chairman and Rota Board</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

member who both signed promissory notes, until full amounts have been collected.

**2.Report No. AR-96-05 issued March 21, 1996**  
**Division of Public Lands**  
**(Currently Marianas Public Lands Authority)**  
**Audit of the Saipan Fishing Center and the Lease of the Garapan Fishing Base**

Date(s) of followup letter(s) sent:12/4/96, 11/20/97, 3/3/98 (AGO), 9/17/98, 11/23/99, 1/26/99, 1/5/00 (AGO), 7/12/00 (AGO), 1/17/01 (AGO), 8/21/01 (AGO)

Date(s) of response letter(s) received:4/4/97(AGO), 9/11/97, 3/10/98, 4/20/98 (AGO), 1/20/00 (AGO), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO), 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. *Original:* - The Secretary of DLNR should terminate Corporation A's lease of the Garapan Fishing Base and instruct the DPL Legal Counsel to: (a) initiate legal proceedings to collect rentals due from Corporation A and Restaurant A, (b) recover from the former President of Corporation B all payments collected from Corporation C for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators of Restaurant B, and (c) notify Restaurant A to pay rentals directly to DPL on a month-to-month basis.

*As Revised and Redirected to the Attorney General's Office:* The Attorney General's Office should: (a) initiate legal proceedings to collect rentals due from Corporation A and Restaurant A, (b) recover from the former President of Corporation B all payments collected from Corporation C for the unauthorized subleasing of the Saipan Fishing Center building, as well as any rentals collected from the operators

AGO  
Resolved  
Active

On March 10, 1998, the Attorney General's Office provided OPA documents showing collection of the \$338,910.63 representing rentals due from Corporation A. However, the Attorney General's Office is still considering whether to bring action against Restaurant A and against the former President of Corporation B. In view of this, OPA closed only the portion of the recommendation pertaining to Corporation A.

In his 3/9/01 response, the Acting Attorney General stated that liability in this case is clear, as the purchasing corporation signed a "promise to pay" reasonable value for use of public lands. Prospects for recovery need to be fully explored to determine if the case truly has merit.

In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring specific actions to be taken by AGO.

**Further Action Needed**

To consider the recommendation closed, the Attorney General's Office should provide OPA the results of their review and actions to



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
of Restaurant B, and (c) notify Restaurant A to pay rentals directly to DPL on a month-to-month basis.			be taken to address this recommendation.

**3. Report No. AR-00-04 issued November 22, 2000**  
**Division of Public Lands**  
**(Currently Marianas Public Lands Authority)**  
**Audit of Collection of Rentals on Land Leases with Quarries**  
**For Six Lease Years from 1990 to 1995**

Date(s) of followup letter(s) sent: 1/22/01, 8/27/01  
 Date(s) of response letter(s) received: 9/15/00, 11/9/00, 11/21/00, 2/8/01, 2/22/01 (request for extension until 3/9/01), 3/5/01, 9/27/01 (only acknowledgment of follow-up letter), 12/18/01, 1/4/02, 1/29/02, 3/1/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Board of Public Lands (BPL) should require the DPL Director to take steps to collect the \$4.69 million in underpayment of rentals (including interest) on land leases with 8 quarries, and refer those lessees who refuse to pay to the Attorney General's office for legal action.	BPL	Resolved Active	<p>After billings were sent to collect the \$4,690,707.81 in underpayment of rentals, quarry operator H paid \$789.87 as full payment. However, the amount of \$946,967.58 owed by quarry operator B was written off due to its bankruptcy. Therefore, of the 8 quarry operators, DPL will pursue collection of lease rentals and interest from the remaining six quarry operators, for a total of \$3,742,950.36.</p> <p>The status of collections for the remaining six quarry operators as provided by OPL is as follows:</p> <p>a. Quarry operator A is experiencing financial difficulty in meeting its obligations, and requested OPL to waive additional royalties assessed. OPL needs to present the matter to the Board for proper disposition.</p> <p>b. Quarry operator C was required by OPL to submit a payment schedule to pay off its arrears. The matter will be referred to AGO if no payment schedule is submitted to OPL.</p> <p>c. Quarry operator D made a partial payment of \$5,000 on 11/28/01 for unpaid rental, according to MPLA's response dated 12/18/01. On 3/1/02, MPLA provided OPA</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>3. The Board of Public Lands should require the DPL Director to review the effect of the additional revenues identified in this audit on each affected year's operation in order to determine if there will be surplus funds due to the Marianas Public Land Trust (MPLT).</p>	BPL	Open Active	<p>with additional copies of payment receipts evidencing partial payment made by Quarry operator D on 1/02/02, 1/31/02 and 2/28/02 totaling \$15,000. Total payments made by Operator D amounted to \$20,000.</p> <p>d. Quarry operator E agreed with OPA's finding, except the assessment of royalty on materials stockpiled as inventory. OPL asked quarry operator E to submit its written concerns with OPA's findings.</p> <p>e. Quarry operator F contested the assessment of guaranteed annual minimum rental from 3/1/90 to 7/12/91, claiming that there were no extractions or quarry activities during that period. However, OPL responded that a royalty report for the particular period was provided to OPA which indicated the extractions had taken place.</p> <p>f. Quarry operator G made a partial payment of \$30,072.91 on 9/5/00 for the undisputed charges, and requested clarification on some discrepancies. OPL will provide quarry operator G a reconciliation of the outstanding balance.</p> <p>Of the \$3,742,950.36 to be collected from the six quarry operators, Quarry operator G partially paid \$30,072.91 and Quarry operator D partially paid \$20,000, leaving a balance of \$3,692,877.45 still to be collected.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA the status of actions taken as to the six quarry operators until full recovery or settlement of the remaining \$3,692,877.45 in unpaid lease rentals and interest.</p>
			<p>The response expressed concurrence with the recommendation and stated that DPL is currently reviewing the effect of the foregoing unrealized revenues for each affected year's operation to determine whether there are surplus funds due to MPLT.</p> <p>In a 1/4/02 response from MPLA, the Commissioner (formerly Executive Director) stated that they will be providing OPA</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			updates on the "open" recommendations as they materialize.
			<b>Further Action Needed</b>
			Provide OPA copies of the results of the review and supporting documents.
4. The Board of Public Lands should require the DPL Director to develop and implement written policies and procedures to ensure that all rental amounts payable under the lease agreements or permits are assessed, collection of all lease amounts payable is pursued, and timely action against erring lessees is taken. Include in the policies and procedures to be developed the following: (a) monitoring the submission of required financial documents by the lessees; (b) checking whether the report of material extracted is complete and accurate, and whether the royalty computations have complied with the terms of the lease and are accurate; and (c) scheduling periodic on-site inspections of quarry sites.	BPL	Closed	On 1/29/02, the MPLA Commissioner provided OPA a copy of the procedures detailing the functions of program activities on leases and permits which were recommended and signed by the MPLA Commissioner and approved by the Chairman of the Board of the Directors. The document provided by MPLA is sufficient to close the recommendation.
5. The Board of Public Lands should require the DPL Director to send letters to lessees who misinterpreted certain provisions of the lease agreements/permits and incorrectly computed required rentals, clarifying for them the proper interpretation of material subject to royalty or gross receipts rent, and the common errors noted such as not implementing rate increases on the anniversary dates of lease agreements.	BPL	Resolved Active	<p>The response expressed concurrence with the recommendation and stated that DPL will ask respective lessees to clarify the proper interpretation of certain rental provisions of the lease agreement/permits on material subject to royalty or gross receipts rent, as well as other errors committed in the computations of rentals.</p> <p>OPA was provided with a 9/15/00 letter sent by DPL to quarry operator E evidencing communication as to the audit finding on its quarry operations. Another quarry operator, quarry operator H, fully paid its amount due to DPL, so there is no need to send it a letter. We consider the part of the recommendation pertaining to quarry operators E and H closed.</p>
			On 12/18/01, OPA was provided with a

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. The Board of Public Lands should instruct the DPL Director to require lessees to submit a certification of no quarry operations during periods when they claim no quarry operations. This should be signed by an official of the quarry operator and should indicate the reason for non-operation.	BPL	Closed	<p>3/13/01 letter sent by MPLA to quarry operator G clarifying the proper interpretation of material subject to royalty or gross receipts rent, and the common errors noted such as not implementing rate increases on the anniversary dates of lease agreements. Based on the response provided, we consider the part of the recommendation pertaining to quarry operator G closed.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA copies of documents evidencing communication with the remaining lessee, <i>i.e.</i>, Quarry operator F.</p>
8. The Board of Public Lands should require the DPL Director to develop and implement written policies and procedures to ensure that all quarry operators who remain in possession of the leased area are holding valid quarry permits. The policies and procedures to be developed should include the monitoring of contract renewals.	BPL	Closed	<p>On 1/29/02, the MPLA Commissioner provided OPA a copy of the procedures detailing the functions of program activities on leases and permits which were recommended and signed by the MPLA Commissioner and approved by the Chairman of the Board of the Directors. The document provided by MPLA is sufficient to close the recommendation.</p>
9. The Board of Public Lands should require the DPL Director to amend the conditions for quarry lease agreements/permits to include (and include in future agreements/permits) a provision that government agencies will be exempt from paying any cost for material extracted from a government-owned quarry site because the sites are government properties and the lessees/permit holders are making substantial	BPL	Open Active	<p>The response expressed concurrence with the recommendation, and stated that DPL will consider adding to its future quarry lease agreements/permits a provision that exempts government agencies from paying any cost/fee for material extractions from a designated government quarry site. Further consideration will be given to exempting quarry operators from paying royalty fees on any quantity of quarry materials taken by government agencies from quarry sites, more specifically if the extractions are for public purposes.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
profits in their quarry operations. In return, the lessee should be exempt from paying a royalty on the quantity of material quarried by a government agency. The suggested provision can help reduce CNMI government costs.			<p>In a 1/4/02 response from MPLA, the Commissioner stated that MPLA will be providing OPA updates on the "open" recommendations as they materialize.</p> <p><b>Further Action Needed</b></p> <p>Provide OPA a copy of sample quarry lease agreements/permits including the recommended provision.</p>

# Marianas Visitors Authority

**I. Report No. AR-98-04 issued July 13, 1998  
Marianas Visitors Authority  
(Formerly Marianas Visitors Bureau)  
Audit of Promotion and Advertising Services  
Fiscal Years 1992 to 1998**

Date(s) of followup letter(s) sent :9/17/98 (GOV) (AGO) (DOF), 9/21/98 (MVA), 11/23/99 (DOF) (GOV), 11/24/99 (MVA), 1/26/99, 1/5/00 (AGO), 7/6/00 (MVA), 9/12/00 (MVA), 7/13/00 (DOF), 1/23/01 (MVA), 8/22/01 (MVA), 3/7/02 (MVA)

Date(s) of response letter(s) received:1/4/00 (DOF), 1/12/00 (GOV), 2/00 (DOF), 8/25/00 (MVA), 10/4/01 (MVA), 3/27/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7. The Managing Director should establish a filing system that can provide a complete history of the transactions with each individual contractor. Contract files generally consist of (1) contracting files which document the basis for acquisition and the award of the contract, (2) contract administration files which document actions taken to monitor contractor performance and compliance with the scope of work, and (3) payment contract files which document actions substantiating and reflecting contract payments.	MVA	Resolved Active	<p>In her 3/27/02 response, the Acting Managing Director stated that MVA is still working on the recommendation. MVA will provide OPA a copy of the written policies and procedures once the centralized filing system has been established.</p> <p><b>Further Action Needed</b></p> <p>MVA should provide a time frame for improving the filing system. Once completed, a copy of written policies and procedures describing the agency's filing system should be submitted to OPA. As discussed in the audit, there was no systematic or centralized filing system for contract documents. Most of the documents we gathered in reviewing a particular contract came from different sections of MVA.</p>

# Northern Marianas College

## I. Report No. LT-00-05 issued June 13, 2000 Audit of the Northern Marianas College's Collections and Deposits from July to November 1999

Date(s) of followup letter(s) sent: 7/11/00, 9/19/00, 1/18/01, 8/20/01, 3/4/02

Date(s) of response letter(s) received: 8/28/00

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Board of Regents should take the following steps:</p> <p>1. Adopt and implement clear policies, procedures, and administrative sanctions that will ensure regular performance or control over the following:</p> <p style="margin-left: 20px;">a. the proper turnover of cashiering duties and responsibilities any time a cashier goes out of the office, or is absent and is temporarily relieved by another person, to prohibit commingling of cash collected by the cashier with the reliever's cash collections.</p> <p style="margin-left: 20px;">b. the proper custodianship for the cash safe's combination and key (only one person may have access), unused official receipts (ORs), blank checks, and limited access to the cashier's office.</p> <p style="margin-left: 20px;">c. use of control features in the computerized accounting system, such as the use of passwords or log-on identifications, limiting access and user capabilities to specific users and key officials only. For example, people collecting tuition and other fees should only be allowed to see (inquiry options only) the</p>	NMC	Resolved Delinquent	<p>On 8/28/00, NMC provided OPA with its draft internal control policies. OPA evaluated the policies and informed NMC in a letter dated 9/19/00 that controls can be strengthened further by specifically stating the personnel who will be responsible in carrying out the specific duties and responsibilities within the Business Office. In addition, the draft internal control policies may also include legal and administrative sanctions in case an employee commits financial fraud.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p><i>Recommendation 1 and 2-</i> NMC should provide OPA a copy of the written policies and procedures adopted by the Business Office which incorporates the provisions suggested by OPA mentioned above that will further strengthen existing controls.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>student accounts receivable subsidiary ledger balances on the computer monitors, but must not be allowed to input or adjust any financial information.</p>			
<p>d. periodic audits or surprise cash counts for handlers of petty cash and change funds, and having petty cash vouchers and other supporting documents for payments in the files at all times.</p>			
<p>2. Require the Comptroller to implement and enforce effective internal controls over cash. The Comptroller must also identify the specific Business Office supervisor who will perform the following:</p>	NMC	Resolved Delinquent	
<p>a. Supervision and Review of the cashier</p> <p>Supervision must be continuous, and the review of collection reports must be daily. We are reiterating the proper procedure for the review process as follows: (1) determine the amount of collections based on the printed Unposted Transaction Reports (UTR), (2) verify the accuracy and completeness of reported collections by reviewing the sequence of ORs issued, (3) count the cash and checks collected, compare the breakdown and total amount counted against what was reported in the UTR, (4) determine the cause of cash shortages or overages, if any, and report such occurrences to management, (5) determine if the deposit slip was properly prepared, and then sign the deposit slip to show that the review process was conducted, and (6) ensure that the collection to be deposited is placed inside a</p>			



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
locked bank deposit bag and placed in a safe under lock and key if the actual deposit will be made on the next banking day.			
b. Review of Bank Reconciliation Statements			
Bank reconciliation statements should be made on a monthly basis and should be reviewed by the comptroller to determine the accuracy of cash account balances and the propriety of adjustments. The staff assigned to prepare the bank reconciliation statements and the comptroller should sign the reconciliation statements and the adjusting entries to document the preparation and review process.			
c. Separate duties so that collection, recording and deposits are made by three different employees.			

**2.Northern Marianas College**  
**Independent Auditor's Report on Compliance and on Internal Control**  
**Over Financial Reporting**  
**in Accordance with Government Auditing Standards**  
**Year Ended September 30, 1999**

Date(s) of followup letter(s) sent :8/20/01, 3/4/02  
 Date(s) of response letter(s) received:

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Financial Statement Finding</i>			
1. NMC should establish and implement internal control accounting policies and procedures to ensure that only properly approved and reviewed journal entries are recorded in the general ledger. These journal entries	NMC	Open Delinquent	Provide OPA copy of internal control policies and procedures to ensure that transactions are properly documented prior to approval.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
should be supported by original documents that reflect the date, amount, and nature of the transactions and the parties involved.			
2. NMC should establish and implement internal control accounting policies and procedures to ensure that only properly approved and reviewed journal entries are recorded in the general ledger. These journal entries should be supported by a purchase order, a check voucher or check request form, a cancelled check, and a vendor invoice or receipt.	NMC	Open Delinquent	Provide OPA copy of internal control procedures to ensure that journal entries are properly reviewed, approved and entered into the general ledger.
3. NMC should adhere to established policies and procedures to ensure that all time sheets are completed and employment contracts are properly accounted for prior to disbursement.	NMC	Open Delinquent	Provide OPA copy of actions taken to ensure that timesheets and employment contracts are complete and kept on file.
4. NMC should establish and implement internal control policies and procedures to ensure that employees are paid at authorized and approved rates of pay or contractual amounts.	NMC	Open Delinquent	Provide OPA copy of internal control policies and procedures over payroll to ensure that employees are paid at authorized and approved rates of pay or contractual amounts.
5. NMC should establish internal control policies and procedures to ensure that interfund transactions and journal entries are posted in a timely manner and that account balances are reconciled on a monthly basis.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures to reconcile interfund accounts in a periodic and timely manner.
6. NMC should reconcile and close all inactive accounts.	NMC	Open Delinquent	Provide OPA copy of actions taken to obtain bank statements for inactive checking accounts to determine funds held by the bank on behalf of NMC.
7. NMC should adhere to established procedures on periodic reconciliations of the general ledger control accounts as required by generally accepted accounting principles.	NMC	Open Delinquent	Provide OPA copy of actions taken to adhere to established procedures in preparing periodic reconciliations of the general ledger control accounts.
8. NMC should ensure that capital fixed assets are properly accounted for in accordance with its capitalization policy.	NMC	Open Delinquent	Provide OPA copy of actions taken to ensure that NMC adheres to its policy of capitalizing fixed asset purchases of \$5,000 and above.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
9. NMC should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.
10. NMC should perform a physical inventory of all fixed assets on hand, reconcile the count with its records, and make necessary adjustments.	NMC	Open Delinquent	Provide OPA copy of internal control policies and procedures to properly safeguard and account for fixed assets.
11. NMC should establish and implement internal control policies and procedures to properly account for all amounts received from and paid to the grantor agency.	NMC	Open Delinquent	Provide OPA copy of actions taken to establish or implement an adequate system of reconciling receivable or payable balances to ensure that Federal cash receipts are properly accounted for.
12. NMC should establish and implement internal control policies and procedures for depositing cash to ensure that collections are deposited the next banking day and that validated deposit slips are attached to the cashier's report.	NMC	Open Delinquent	Provide OPA copy of actions taken by management to ensure that collections are deposited intact on a daily basis and that all funds are accounted for at all times.
13. NMC should fully investigate the misappropriated funds to determine whether an error occurred or whether funds were embezzled.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures for handling cash funds.
<b><i>Federal Awards and Questioned Costs</i></b>			
14. NMC should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.
15. NMC should strictly enforce its travel policy .	NMC	Open Delinquent	Provide OPA copy of actions taken to strictly enforce adherence to NMC's travel policy.
16. NMC staff should comply with established procurement policies.	NMC	Open Delinquent	Provide OPA copy of actions taken to enforce compliance with established procurement policies.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
17. NMC should comply with established procedures requiring the numbering of purchase orders which should begin with a new series for the new fiscal year.	NMC	Open Delinquent	Provide OPA copy of actions taken to enforce compliance with established procedures for numbering purchase orders.
18. NMC should file federal financial reports in a timely manner (annually within 90 days after the end of the fiscal year) and copies of these reports should be maintained.	NMC	Open Delinquent (Outstanding since FY1993 Single Audit)	Provide OPA copy of actions taken to ensure timely compliance with federal financial reporting requirements.
19. NMC should establish and implement internal control policies and procedures to ensure that there is compliance with federal financial reporting requirements in a timely manner. The Federal Cash Transactions Report (SF-272) is to be prepared quarterly and submitted by the grantee no later than 15 days after the reporting period ends.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures to ensure adherence to the federal financial reporting requirements.
20. Internal control policies and procedures should be established to ensure that all disbursements are supported by vendor invoices and purchase orders with requisite approval, and are filed in a manner to facilitate easy file retrieval.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly substantiated and documented.
21. NMC should establish and implement internal control policies and procedures to ensure that federal financial reports are filed in a timely manner, and copies of these reports should be maintained.	NMC	Open Delinquent	Provide OPA copy of actions taken to ensure compliance with federal regulations.
22. NMC should establish internal control policies and procedures over procurement and disbursement to ensure that all transactions are properly documented.	NMC	Open Delinquent	Provide OPA copy of established internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.
23. NMC 's Upward Bound staff should ensure that the checklists in the files are maintained, and that all the required documents supporting eligibility are in the respective student files.	NMC	Open Delinquent	Provide OPA copy of actions taken to enforce adherence to the requirements of the <i>Upward Bound Regular Project Proposal</i> , and ensure that all documentation was present to support the students' eligibility.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
24. The respective Upward Bound Programs, NMC and an off-island Community College, should adhere to the plan set forth in the Upward Bound Regular Project Proposal for the period 1995-1999 and as required by the Grant Award Notification dated April 15, 1998.	NMC	Open Delinquent	Provide OPA copy of actions taken to enforce adherence to the <i>Upward Bound Regular Project Proposal</i> , Plan of Operation.
25. NMC should ensure that the Memorandum of Agreement is executed and signed by the Grantee and the Subrecipient.	NMC	Open Delinquent	Provide OPA copy of actions taken to ensure that the MOU is executed and signed by the Grantee and the Subrecipient.
26. NMC should adhere to student eligibility requirements pursuant to 34 CFR 668.32 and 34 CFR 690.75.	NMC	Open Delinquent	Provide OPA copy of actions taken to ensure that data in the students' files were complete.

# Northern Mariana Islands Government Health and Life Insurance Trust Fund

**I. Northern Mariana Islands Government Health and Life Insurance Trust Fund  
Independent Auditor's Report on Compliance and on Internal Control  
Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards  
Year Ended September 30, 2000**

Date(s) of followup letter(s) sent : 3/13/02  
Date(s) of response letter(s) received:

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. GHLITF should provide frequent and continuous training to its staff to improve their performance levels. There should be specific time frames set aside strictly for the processing of CHC claims, and GHLITF staff should be undisturbed during this process. GHLITF could also consider hiring more staff or outsourcing the processing function.	NMI- GHLITF	Open Active	No response was received from the auditee as of report date.  <i>Further Action Needed</i>  Provide OPA copy of actions taken to address the recommendation.

# Northern Mariana Islands Retirement Fund

## I. Report No. AR-01-01 issued January 30, 2001 Audit and Investigation of Health Insurance Payments to a Physical Therapy Clinic For Physical Therapy Services June 1993 to December 1999

Date(s) of followup letter(s) sent : 8/21/01, 3/5/02

Date(s) of response letter(s) received: 10/4/01 (NMIRF letter of request for extension to respond until 11/3/01)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. The Administrator should instruct the Group Health and Life Insurance Branch (GHLIB) Manager to prepare written guidelines for the review and processing of claims. The guidelines should include specific documentation requirements to justify claims for patients who have been undergoing extended medical treatments.	NMIRF	Resolved Delinquent	<p>The former Deputy Administrator responded that written operating procedures for processing of medical claims have been drafted to address inadequacies of existing practices.</p> <p><b>Further Actions Needed</b></p> <p>The NMIRF should include in the written operating procedures the following: (1) submission of original referral letters from a physician, (2) submission of health insurance claim forms duly signed by patients, and (3) submission of periodic treatment and evaluation reports by physicians to justify extended medical treatment.</p> <p>In addition, NMIRF should prepare a documentation checklist form to ensure that all requirements are completed before claims are processed. To close this recommendation, NMIRF should provide a copy of the final approved version of the written operating procedures to OPA.</p>
3. The Administrator should adopt measures to improve internal controls over the processing and payment of health insurance claims as follows: (a) qualification requirements for the position of claims examiner should be improved by requiring sufficient training and experience in the medical field, (b) supporting claim documents should be marked paid after completion of check processing	NMIRF	Open Delinquent	<p>The former Deputy Administrator's response did not contain any specific plan of action to address this recommendation.</p> <p><b>Further Action Needed</b></p> <p>NMIRF should implement the recommendation.</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>to prevent duplicate payments, (c) for proper segregation of duties, signed checks for distribution to vendors should be mailed directly or distributed by the administrative assistant without being returned to persons who have access to accounting and payment records, and (d) written filing procedures should be prepared to control and monitor the locations of accounting records and claim documents.</p>			

**2. Report No. LT-01-04 issued August 8, 2001  
Northern Mariana Islands Retirement Fund  
Audit of Travel Outside the CNMI  
from October 1996 Through March 2000**

Date(s) of followup letter(s) sent : 3/5/02  
Date(s) of response letter(s) received:

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Fund Administrator should take the following steps:</p>			
<p>1. Remind all NMIRF travelers to comply with the agency's travel policies and procedures by issuing a memorandum explaining the most important requirements, such as the need to promptly submit travel vouchers and trip reports.</p>	NMIRF	Closed	<p>The Board of Trustees (BOT) stated that they have diligently provided trip reports immediately upon completion of travel and they will discuss this matter with the Administrator. In addition, NMIRF management implemented a new travel policy effective June 21, 2001.</p>
<p>2. Consistently enforce sanctions or others remedies for travel violations. Travelers with unliquidated advances should be denied additional travel advances; payroll deductions should be immediately implemented for travelers who fail to submit the required travel documents on time; and board members, especially those who are not government employees, should be required to immediately</p>	NMIRF	Resolved Active	<p>NMIRF agreed with the recommendation and stated that erroneous and unnecessary travel reimbursements must be collected. The BOT will work with the Administrator towards identifying the travel violations and collecting from the travelers who owe the Fund.</p>
			<p><i>Further Actions Needed</i></p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
repay outstanding travel advances.			NMIRF is requested to provide the expected date when the scheduled overpayments will be collected.
3. Disallow the practice of using corporate credit cards for payment of hotel and car rentals. Corporate credit cards should be used to guarantee hotel and car reservations only, when and if required by vendors. In addition, a strict credit card policy should be adopted to limit the use of corporate credit cards.	NMIRF	Resolved Active	NMIRF agreed with the recommendations. It stated that the use of the credit cards by members of the BOT and the staff should be banned, except for one to be held by the Administrator for use in making hotel and car reservations.  <i>Further Actions Needed</i>  NMIRF should provide OPA a copy of the written policies and procedures restricting the use of the corporate credit card.
4. Identify off-island meetings and conferences considered non-essential that should be eliminated. For those that are to be continued, NMIRF should determine if it can achieve its objectives with a reduced number of participants.	NMIRF	Closed	It has been a practice of the Fund to evaluate which conferences or workshops to attend. Additionally, the full BOT and Administrator no longer travel to investment meetings or on investment assignments. Instead, an investment committee now oversees the task, thereby cutting travel expenses by half. Additionally, they will further limit attendance at conferences/workshops.
5. Require NMIRF officials and employees to follow the Governor's Travel Directive, which states that all off-island travel must be on economy class.	NMIRF	Closed	We are referring this matter to the Attorney General's Office for consideration.

**3.Report No. LT-01-05 issued August 15, 2001  
Audit of Billings for a Professional Services Contract**

**During the Period October 1, 1996 Through February 29, 2000**

Date(s) of followup letter(s) sent : 1/7/02, 3/5/02

Date(s) of response letter(s) received: 3/13/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>The Fund Administrator should instruct the Accounting Manager to:</p>			
<p>1. Formally notify the contractor of the overpayment disclosed by our audit, and make arrangements to recover the overpayment.</p>	NMIRF	Resolved Active	<p>NMIRF officials advised OPA that NMIRF had paid the contractor \$9,697.45 on July 17, 2001 for what it considered its final payment, after making adjustments for billing errors that OPA had identified during the audit. On January 7, 2002, however, OPA determined that the contractor was still overpaid by NMIRF in the amount of \$2,268.24 which consists of (1) double billing of \$991.65; (2) overstatements of \$893.22; and (3) error charges of \$383.37. OPA advised NMIRF to collect the overpayment from the contractor unless documents can be provided to explain the reasons for the overpayment enumerated.</p>
<p>2. Adequately review all invoices before making payments by using a written memorandum or checklist to identify the important review procedures. Each payment should, at a minimum, bear evidence that the following procedures were performed: (a) the invoice was compared to the purchase order or contract agreement for description, price, rates, and quantity, (b) the invoice quantity was compared to the receiving report where applicable, (c) the person receiving the services acknowledged receipt, (d) extensions and additions were tested, and (e) the invoice was approved for payment.</p>	NMIRF	Closed	<p>For Recommendations 2 and 3 - In her 3/13/02 response, the Accounting Manager provided OPA a copy of a memorandum to the accounting staff providing details on how to comply with and fully implement the recommendation. In addition, OPA was provided a copy of a disbursement voucher and its supporting documents which was randomly selected to evidence compliance.</p> <p>The actions taken and the documents provided by NMIRF were sufficient to consider Recommendations 2 and 3 closed.</p>
<p>3. Adopt measures to improve internal controls over the processing and payment of expenses, such as: (a) ensuring that billings are supported by documents evidencing that the services were actually rendered, (b) disbursement vouchers and supporting documents, such as invoices, statements of account, and receiving</p>	NMIRF	Closed	

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
reports, are marked paid after completion of check processing to prevent duplicate payments, and (c) written filing procedures are prepared to control and monitor the location of accounting records and documents.			
4. Evaluate whether it would be more cost-effective for NMIRF to hire a full-time professional employee to provide the professional services previously rendered by the contractor.	NMIRF	Closed	On September 5, 2000, NMIRF hired a full-time professional employee to perform the services previously rendered by the contractor.
The Fund Administrator should instruct the Administrative Services Manager to:	NMIRF	Closed	On April 18, 2001, the contractor provided OPA with documents and information relating to the unsupported billings. OPA will provide this data to NMIRF for its use.
5. Request the contractor to provide NMIRF with adequate supporting documentation and information associated with the professional services rendered and billed.			

**4. Northern Mariana Islands Retirement Fund  
Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards  
Year Ended September 30, 2000**

Date(s) of followup letter(s) sent : 3/5/02  
Date(s) of response letter(s) received: 3/18/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. NMIRF staff should perform monthly reconciliations of subsidiary ledgers to the general ledger balances.	NMIRF	Resolved Active	In her 3/18/02 response, the Accounting Branch Manager informed OPA that NMIRF has been tackling the problem of performing monthly reconciliation of subsidiary ledgers to the general ledger balance for the past few years. However, due to shortage in staffing NMIRF finds it hard to keep the monthly reconciliation current. OPA was provided copy of a subsidiary ledger with its corresponding general ledger balance. Other actions taken were to hire a comptroller and qualified accountants.

<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
2. NMIRF should make efforts to bring its accounts receivable balances current. The NMIRF should consider charging interest on overdue accounts receivable.	NMIRF	Closed	In her 3/18/02 response, the Accounting Branch Manager provided OPA with a copy of the Memorandum of Agreement with the CNMI government relating to the receivables. The agreement provides the manner in which the CNMI government will pay its obligations to NMIRF, which is sufficient to address the recommendation.

## Public School System

### I. Report No. AR-97-03 issued March 10, 1997

#### Travel of Former Recreational Therapist/Adaptive Physical Education Specialist

Date(s) of followup letter(s) sent : 7/16/97, 2/02/98, 9/21/98, 11/26/99, 7/11/00, 1/15/01, 8/20/01, 3/11/02

Date(s) of response letter(s) received: 2/16/01 (request for extension until 3/5/01)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Commissioner of Education should amend the PSSRR to include prohibiting the payment of commuting costs unless the payment is justified by the parties concerned and approved by the Board of Education.	PSS	Open Delinquent	Provide OPA a copy of the amendment to the PSSRR.
2. The Commissioner of Education should inform and direct the Coordinator of the Special Education Programs and any other PSS personnel responsible for employee activities to implement personnel policies in conformance with the FLSA and US Department of Labor regulations.	PSS	Open Delinquent	Provide OPA a copy of the directive from the Commissioner to the Coordinator and any other PSS personnel responsible for employee activities to implement personnel policies in conformance with the FLSA and US Department of Labor regulations.

### 2. Report No. LT-98-14 issued December 23, 1998

#### Follow-up Audit of Marianas High School Student Funds August 1991 to September 1992

Date(s) of followup letter(s) sent : 11/26/99, 7/11/00, 1/15/01, 8/20/01, 3/11/02

Date(s) of response letter(s) received: 2/16/01 (request for extension until 3/5/01)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
4. The Commissioner should define what constitutes educational purpose or educational activity and include such definition in its policy manual.	PSS	Open Delinquent	The Commissioner should furnish OPA a copy of PSS' amended policy manual where educational purpose and educational activity are clearly defined.

### 3. Report No. AR-99-01 issued January 5, 1999

**Audit of the William S. Reyes School and  
50<sup>th</sup> Golden Jubilee Funds  
October 1994 to October 1996**

Date(s) of followup letter(s) sent :11/26/99, 7/11/00, 1/15/01, 8/20/01, 3/11/02  
Date(s) of response letter(s) received: 2/16/01 (request for extension until 3/5/01)

<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
2. The Commissioner should require the former principal and/or WSR school fund treasurer in SY 1994 to 1995 to reimburse the fund the amount of \$10,959.65 for which they are accountable. If the former custodians refuse to pay back the funds, the matter should be referred to the AGO to enforce collection.	PSS	Resolved Delinquent	The Commissioner in her letter to OPA stated that the PSS Legal Counsel would take immediate action to recover the funds.  <i>Further Action Needed</i>  The Commissioner should provide OPA a copy of the collection letters and the responses from the former custodians. Once the amount is collected, a copy of the official receipt evidencing the collection should be provided to OPA.
4. The 50 <sup>th</sup> Golden Jubilee executive committee should collect the outstanding receivables of \$1,163, representing t-shirts and 50 <sup>th</sup> Golden Jubilee souvenir items sold on account, and should pay the suppliers of these items the amounts the committee still owes.	WSR 50 <sup>th</sup> Golden Jubilee Executive Committee	Open Delinquent	The President should provide copies of the (1) official receipts representing collections from the outstanding receivables, and (2) checks representing payment to the suppliers of the t-shirts and WSR souvenir items.

**4.Report No. LT-00-07 issued August 30, 2000  
Public School System  
Audit of Property and Equipment of Hopwood Junior High School  
February to June 1999**

Date(s) of followup letter(s) sent :1/15/01, 8/20/01, 3/11/02  
Date(s) of response letter(s) received: 2/16/01 (request for extension until 3/5/01)

<b>Recommendation</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
1. The Commissioner of Education should enforce compliance with the CNMI property management and accountability policy without exception. The Commissioner should	PSS	Resolved Delinquent	PSS will comply with the recommendation. It will maintain subsidiary ledgers for all schools (public and private), and a master list will be kept by the Procurement Office. PSS will also reconcile the inventory taken with

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
ensure that a physical inventory of the fixed assets of PSS is taken annually, and inventories should be reconciled against recorded balances.			the master list and any discrepancy will be reported to the school principals and program managers. Additionally, PSS has conducted an annual inventory for FY 2000 for all schools.  <i>Further Action Needed</i>  PSS should provide OPA a copy of the reconciliation of the inventory with the master list.
2. The Commissioner of Education should direct the PSS Procurement Officer to develop additional policies and procedures suitable to the needs and requirements of PSS operations. These policies and procedures should include, among other things, a system of accountability in which the Principal or Program Head is made responsible for all property issued to the facility. In addition, the system of tagging and marking items needs to be improved in order to insure that all property is identified and accounted for.	PSS	Open Delinquent	No action has been taken to address the recommendation. PSS should consider and implement the recommendation.
3. The Commissioner of Education should direct the PSS Maintenance Office to install additional security (e.g., deadbolt locks and security cameras or other security measures as needed and practical) at all PSS schools.	PSS	Open Delinquent	No action has been taken to address the recommendation. PSS should consider and implement the recommendation.

**5.Report No. AR-00-05 issued December 14, 2000  
Public School System**

### Audit of the Marianas High School Food Court Covering School Year 1998-1999

Date(s) of followup letter(s) sent : 1/15/01 (PSS), 1/19/01 (DOF), 8/20/01 (PSS), 3/11/02 (PSS)  
Date(s) of response letter(s) received: 2/16/01 (PSS request for extension until 3/5/01), 2/16/01(DOF)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Commissioner of Education issue a directive immediately disallowing the use of the Trust Fund to pay the vendors of the Food Court. If PSS wants to continue with the operation of the Food Court, it should use other funds for that purpose or seek to have the Pachinko Law amended to authorize continued use of the Trust Fund for the operation of the Food Court.	PSS	Resolved Delinquent	<p>The Commissioner stated that for SY 2000-2001, the MHS Food Court is Federally funded pursuant to the Nutrition Assistance Grant.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p>The Commissioner should provide documentation such as a directive or any document showing that PSS has ceased to use the Trust Fund to pay the vendors of the Food Court.</p>
2. <i>Original:</i> The Secretary of Finance recover from PSS the \$369,866 that was paid from the Trust Fund for the operation of the MHS Food Court. Repayment can be made by offsetting this unlawful payment against future fund allocations for PSS. Any repayment from PSS should be restored to the Trust Fund for possible re-appropriation.  <i>As Redirected to PSS:</i> The PSS Commissioner should take steps to reserve the funds on their books for the Trust Fund and ensure their use for the proper purpose.	DOF - Redirected to PSS	Resolved Delinquent	<p>In her 2/16/01 response, the Secretary of Finance asked that this recommendation be redirected to PSS because the funds in question were already transferred to PSS by DOF when the alleged inappropriate expenditure occurred. It is the opinion of DOF that since the funds were properly received, PSS should just reserve the funds for their proper purpose rather than DOF withholding current appropriations only to retransfer the funds at a later date.</p> <p style="text-align: center;"><b>Further Action Needed</b></p> <p>The PSS Commissioner should provide documentation that the \$369,866 has been reserved on its books.</p>
4. The Commissioner of Education issue a memorandum instructing the MHS Principal to stop using the proceeds from the sale of reduced-price meals to pay for non-Food Court expenses. These collections should be used only to pay obligations of the Food Court.	PSS	Open Delinquent	<p>The Commissioner stated that profits from the MHS Food Court were used in accordance with BOE policy and that funds have not been used for fundraising until payment to vendors had been made.</p> <p>Profits from the MHS Food Court were not used in accordance with BOE policy. Since the Trust Fund should not have been used for the MHS Food Court, only those proceeds from the sale of reduced-price meals appear to be a legitimate source of funds for the MHS Food Court. Since the amount collected</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>from paying students is not enough to cover the actual cost of the meals, all collections from the students should have been dedicated solely to the payment of Food Court obligations (instead of using these collections for non-Food Court expenses).</p> <p><i>Further Action Needed</i></p> <p>The Commissioner of Education should reconsider her position on this matter. Accordingly, the Commissioner should issue a memorandum instructing the MHS Principal to stop using the proceeds from the sale of reduced-price meals to pay for non-Food Court expenses. These collections should be used to pay obligations of the Food Court.</p>

**6. Public School System**  
**Independent Auditor's Report on Internal Control and on Compliance**  
**Year Ended September 30, 1999**

Date(s) of followup letter(s) sent : 3/11/02  
 Date(s) of response letter(s) received:

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<i>Fixed Asset</i>			
<p>1. PSS should conduct physical inventories at all locations to identify items that have been previously recorded as expenditures. PSS should apply its capitalization policy in determining inclusions of equipment in the fixed asset detailed subsidiary ledger. Physical count should be agreed to the detailed subsidiary record and the necessary adjustments made to adjust to actual.</p>	PSS	<p>Open Delinquent (Outstanding since FY1989 Single Audit)</p>	<p>PSS did not respond specifically to this recommendation.</p> <p><i>Further Action Needed</i></p> <p>PSS is requested to provide OPA a copy of actions taken to establish adequate procedures for its fixed assets inventories.</p>

*Beginning Balance*

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
2. PSS should post roll-forward balances at the beginning of each fiscal year.	PSS	Open Active	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of actions taken to post roll-forward balances at the beginning of each fiscal year.

**Payroll Liabilities**

3. PSS should ensure that the deficiency in the current financial management system in regard to payroll liabilities is corrected in order to credit all payroll liabilities account for the amount of liabilities arising from payroll disbursement process. PSS should also ensure that the software is properly and effectively utilized and that the supporting details are reconciled to the general ledger on a regular basis.	PSS	Open Active	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of actions taken to correct deficiency in the current financial management system.
--	-----	----------------	---

**Purchases/Disbursements**

4. PSS should adhere to established policies and procedures to ensure that all employment contracts are complete and properly accounted for.	PSS	Open Active	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of actions taken to follow established policies and procedures to ensure that all employment contracts are complete and properly accounted for.
5. PSS should adhere to prescribed policies and procedures to ensure that employment contracts are complete and kept on file.	PSS	Open Active	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of actions taken to comply with prescribed policies and procedures to ensure that employment contracts are complete and kept on file.

**Payroll Advances**

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
6. PSS should establish written internal control policies and procedures over payroll advances.	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of its written internal control policies and procedures over payroll advances.</p>
<b>Advances to Vendors</b>			
7. PSS should establish internal control policies and procedures over procurement and disbursements. An order log should be maintained and reviewed periodically to follow-up on undelivered orders.	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of its written internal control policies and procedures on advances to vendors.</p>
<b>Travel Advances</b>			
8. PSS should adhere to established procedures to ensure that the general ledger is reconciled to the travel advances subsidiary ledger on a monthly basis.	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of actions taken to follow established procedures relating to travel advances and actions taken to ensure travel advances are reconciled to the general ledger monthly.</p>
9. PSS should strictly enforce its established policies and procedures in collecting unliquidated travel advances.	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of actions taken to strictly enforce its established policies and procedures in collecting unliquidated travel advances.</p>
<b>Vouchers Payable</b>			
10. PSS should adhere to established procedures to ensure that general ledger accounts are reconciled to the subsidiary ledger on a periodic basis. Also, vouchers payable	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
should be reconciled to the general ledger monthly.			PSS is requested to provide OPA a copy of actions taken to adhere to established reconciliation procedures of subsidiary ledger and vouchers payable to the general ledger.
<b>Accounts Receivable - CNMI</b>			
11. PSS should adhere to established procedures to ensure that general ledger accounts are reconciled to the subsidiary ledger on a periodic basis. Also, accounts receivable-CNMI should be reconciled to general ledger monthly.	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to adhere to established reconciliation procedures of subsidiary ledger and accounts receivable - CNMI to the general ledger.
<b>Encumbrances</b>			
12. PSS management should review the items in the encumbrance ledger to ensure that the encumbrances are properly recorded and valid.	PSS	Open Delinquent (Outstanding Since FY 1995 Single Audit)	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of its written document retention policies and procedures.
<b>Federal Programs</b>			
13. PSS should ensure adherence to established policies and procedures, increased administrative oversight, the use of standardized forms, following the State Plan and applicable federal regulations, developing a checklist to be included in each student file, and following a set organizational scheme for the documents in the student files to facilitate easy retrieval [Special Education/CFDA #84.027].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to ensure administrative oversight and enforcement of internal policies and procedures.
14. The State Educational Agency should enforce existing internal policies and procedures and comply with the requirements of the State	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Plan [Special Education/CFDA #84.027].	PSS	Open Active	PSS is requested to provide OPA a copy of actions taken to ensure administrative oversight, adherence to internal policies and procedures, and compliance with the State Plan.
15. The Special Education Program should comply with the requirements of the CNMI State Plan and federal regulations by signing MOU's with appropriate agencies [Special Education/CFDA #84.027].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to ensure adherence to the requirements of the CNMI State Plan and federal regulations.
16. The Special Education Program and the Special Education State Advisory Panel should comply with the requirements set forth in the CNMI State Plan and federal regulations [Special Education/CFDA #84.027].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to compliance with the CNMI State Plan and federal regulations.
17. PSS should collaborate with DCCA in developing day care licensing regulations for the CNMI and there should be a signed Memorandum of Understanding between the two agencies. Additionally, PSS should develop and enforce an internal monitoring program that encompasses periodic visits to licensed day care facilities that are providing childcare to children whose parents are receiving childcare certificates [Childcare & Development Block Grant/CFDA #93.575].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to develop day care licensing regulations and internal monitoring program for the CNMI.
18. PSS should establish stringent policies and controls to ensure that all children in the Head Start Program receive timely and complete medical and dental evaluations as required by 45 CFR §1304.3-3 and the CNMI Head Start General Health Services Written Plan, FY 1998-99. Furthermore,	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to ensure administrative oversight and internal monitoring procedures.

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>PSS should develop policies and monitoring procedures to ensure that all of the necessary documentation is received before a child is enrolled in the Head Start Program [Head Start Program/CFDA #93.600].</p>			
<p>19. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval [Consolidated Grant to Insular Areas/CFDA #84.998].</p>	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of actions taken to establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.</p>
<p>20. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval [Special Education/CFDA #84.027].</p>	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of actions taken to establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.</p>
<p>21. PSS should develop written policies, procedures, and internal controls that delineate a mechanism for tracking and following-up incomplete prepaid orders and professional services retainers. Management oversight of prepaid purchase orders and professional services retainers should be diligent and strict accountability maintained [Special Education/CFDA #84.027].</p>	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>PSS is requested to provide OPA a copy of actions taken to establish a well-defined system of written policies, procedures and internal controls in place to ensure the timely follow-up of incomplete prepaid orders and professional services retainers.</p>
<p>22. PSS's travel policy should be strictly enforced and all Travel Advances that are not liquidated within 15 days should be investigated immediately [Head</p>	PSS	Open Active	<p>PSS did not respond specifically to this recommendation.</p> <p><b>Further Action Needed</b></p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
Start Program/CFDA #93.600].			PSS is requested to provide OPA a copy of actions taken to ensure adherence to its travel policy on liquidation .
23. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval. Management should perform the periodic internal review to ensure the system is operating as intended [Head Start Program/CFDA #93.600].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of established internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.
24. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented [Childcare Development Block Grant/CFDA #93.575].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of actions taken to establish internal monitoring procedures and to ensure administrative oversight.
<b>Federal Financial Reports</b>			
25. PSS should establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented. These transactions should be supported by a requisition, purchase order, invoice, check voucher and receiving report and should be attached and filed together in a manner to facilitate easy retrieval [Nutrition Assistance Grant/CFDA #10.055].	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	PSS did not respond specifically to this recommendation.  <i>Further Action Needed</i>  PSS is requested to provide OPA a copy of actions taken to establish internal control policies and procedures over procurement and disbursements to ensure that all transactions are properly documented.
<b>Reporting</b>			
26. PSS should reconcile records for all	PSS	Open	PSS did not respond specifically to this

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Consolidated Grant to Insular Areas/CFDA #84.998].	PSS	Delinquent (Outstanding since FY1998 Single Audit)	recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to transfer expenditures between grant periods subsequent to o year-end and the date of the preparation of financial status reports.
27. PSS should prepare and retain all required federal financial reports [Handicapped State Grant/CFDA #84.021].	PSS	Open Delinquent (Outstanding since FY1996 Single Audit)	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to prepare and retain all required federal financial reports.
28. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Nutrition Assistance Grant/CFDA #10.555].	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to transfer expenditures between grant periods subsequent to o year-end and the date of the preparation of financial status reports.

**Federal Financial Reports**

29. PSS should reconcile records for all amounts reported to the grantor agency [Handicapped State Grant/CFDA #84.021].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to transfer expenditures between grant periods subsequent to o year-end and the date of the preparation of financial status reports.
---	-----	----------------	--

**Reporting**

30. PSS should adhere to reporting deadlines. Additionally, transfers between orgs within the same grant should be minimized and when considered appropriate, be	PSS	Open Delinquent (Outstanding since FY1995 Single Audit)	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>
--	-----	---	--



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
performed in a timely manner [Head Start Program/CFDA #93.600].	PSS	Open Active	PSS is requested to provide OPA a copy of actions taken to transfer expenditures between grant periods subsequent to year-end and the date of the preparation of financial status reports.
31. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Head Start Program/CFDA #93.600].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to transfer expenditures between grant periods subsequent to year-end and the date of the preparation of financial status reports.
32. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Head Start Program/CFDA #93.600].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to adhere to reporting deadlines and to transfer expenditures between grant periods subsequent to year-end and the date of the preparation of financial status reports.
33. PSS should reconcile records for all amounts reported to the grantor agency and perform any transfers between grant years on a timely basis [Childcare and Development Block Grant/CFDA #93.575].	PSS	Open Delinquent (Outstanding since FY1998 Single Audit)	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to transfer expenditures between grant periods subsequent to year-end and the date of the preparation of financial status reports.

#### **Federal Financial Reports**

34. PSS should adhere to schedule of federal reporting deadlines. The Federal Cash Transaction Report (PMS-272) is to be prepared quarterly which is due 45 days after the reporting period end. [Childcare and Development Block Grant/CFDA #93.575].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to maintain and adhere to a schedule of federal reporting deadlines.
--	-----	----------------	--

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<b>Reporting</b>			
35. PSS should maintain and adhere to a schedule of reporting deadlines. The Financial Report ACF-696 is required to be submitted quarterly in lieu of SF-269 and is due within 30 days after the end of the quarter. [Childcare and Development Block Grant/CFDA #93.575].	PSS	Open Active	PSS did not respond specifically to this recommendation.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to maintain and adhere to a schedule of federal reporting deadlines.
<b>Property and Equipment</b>			
36. PSS should establish appropriate accounting policies and procedures for fixed assets [All Federal Grants].	PSS	Resolved Active (Outstanding since FY1989 Single Audit)	PSS has purchased a fixed asset accounting software and has entered into a contract with Deloitte & Touche to provide training to its accounting and procurement staff on how to implement its fixed asset accounting system.  <b>Further Action Needed</b>  PSS is requested to provide OPA a copy of actions taken to maintain required records relating to fixed assets.

# Tinian Casino Gaming Control Commission

## I. Report No. AR-94-03 issued September 14, 1994 Financial Statements and Audit Report for FY 1992 and 1993

Date(s) of followup letter(s) sent: 10/27/94, 11/18/94, 1/13/95, 7/6/95, 7/1/96, 12/2/96, 2/02/98, 9/18/98, 11/29/99,  
7/11/00, 1/18/01, 8/23/01

Date(s) of response letter(s) received: 12/19/94, 8/8/96 (Extension requested up to 10/8/96), 4/14/99, 5/21/01 (meeting  
with TCGCC Executive Director), 5/24/01, 9/18/01, 1/8/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
29.	TCGCC	Closed	<p>The 4/14/99 response stated that memoranda to address the recommendation were attached. However, no memoranda were in fact attached.</p> <p>Based on OPA's ongoing audit of TCGCC for fiscal years 1996 and 1997, items 1, 4, 5, 6 and 7 were already addressed. The Tinian Municipal Treasurer (TMT) was the person assigned to monitor the receipts and disbursements of licensing cost deposit, and to deposit all local revenues generated from casino-related operation to the Municipal Treasurer bank account. Adjustments to the financial statements were consistently made by the Accountant. The computation of payroll taxes was accurate and the duties and responsibilities of the TMT were already established. Thus, items 1, 4, 5, 6, and 7 of the recommendation are considered closed.</p> <p>In her 9/18/01 response, the TCGCC Executive Director provided OPA a draft of TCGCC's Licensing Cost Disbursement Procedures. In addition, a copy of the Costs of Processing a Casino License Application published in the Commonwealth Register was also provided to OPA to address item 3. Thus, Item 3 of the recommendation is considered closed.</p> <p>In a facsimile response dated 1/8/02, the TCGCC Executive Director provided OPA a copy of the Licensing Cost Disbursement Procedures which were adopted during the Commission's regular meeting on 12/27/01</p>

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

to address item 2. Thus, item 2 of the recommendation is considered closed.

The actions taken by TCGCC sufficiently addressed the recommendation.

**2.Report No. AR-99-03 issued April 7, 1999  
Audit of Consultant's Contract  
Fiscal Year 1997**

Date(s) of followup letter(s) sent : 1/5/00 (AGO), 7/12/00 (AGO), 1/17/01 (AGO), 8/21/01 (AGO)  
Date(s) of response letter(s) received: 4/9/99 (TMO), 1/20/00 (AGO), 11/7/00 (meeting with Coordinating Group on AGO), 3/9/01 (AGO), 12/31/01, 2/12/02 (meeting with AGO)

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
----------------	---------------	--------	--

1. *As Redirected to AGO* - Institute legal action to declare the Consulting Service Agreement between TCGCC and the consultant null and void, and to recover all amounts paid by TCGCC to the consultant and the consultant's son.

*Original* - The Mayor of Tinian and Aguiguan should request the Attorney General to institute an action to declare the Consulting Service Agreement between TCGCC and the consultant null and void, and to recover all amounts paid by TCGCC to the consultant and the consultant's son.

AGO  
Resolved  
Active

In his 3/9/01 response, the Acting Attorney General informed OPA that there is an ongoing investigation related to the facts and circumstances of this matter.

On December 31, 2001, civil action was filed against the consultant to recover overpayment of \$543,375 on grounds of unjust enrichment, conversion, fraud and breach of fiduciary duty. Civil action was also filed against three other individuals to recover \$195,971 for breach of fiduciary trust. Recoverable amounts totaled \$739,346.

In a meeting on 2/12/02, this recommendation was included in the list provided by OPA to AGO pertaining to outstanding matters requiring specific actions to be taken by AGO.

**Further Action Needed**

AGO should provide OPA an update on the status of the ongoing investigation.

# Workmen's Compensation Commission

## I.CNMI Workmen's Compensation Commission Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards Year Ended September 30, 2000

Date(s) of followup letter(s) sent : 3/13/02  
Date(s) of response letter(s) received: 3/18/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. The Workmen's Compensation Commission (WCC) personnel should either reconcile the subsidiary to the general ledgers themselves or ensure that monthly reconciliations are performed and documented.	WCC	Closed	In her 3/18/02 response, the Accounting Branch Manager provided OPA a sample of WCC's reconciliation of a major account such as <i>Receivable from Employers</i> . Photocopies of subsidiary ledger as well as the general ledger were also provided. Other actions taken include hiring of a qualified accountant for the WCC.

This page was intentionally left blank.

# Washington Representative's Office

# Washington Representative's Office

**I. Report No. AR-99-02 issued March 29, 1999  
 Verification of Expenses and Review of  
 Selected Administrative Practices of the  
 Washington Representative's Office  
 Fiscal Years 1995 and 1996**

Date(s) of followup letter(s) sent :11/29/99, 7/11/00, 1/24/01, 8/22/01, 3/4/02  
 Date(s) of response letter(s) received:10/6/99, 9/25/01, 3/20/02

Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
7.	WRO	Resolved Active	<p>In his 3/20/02 response, the Resident Representative informed OPA that his staff will conduct a thorough analysis of housing costs and related expenses which he expect to be completed by the end of April. Therefore, until the analysis has been completed, he will not be able to fully respond to this recommendation.</p> <p><b>Further Action Needed</b></p> <p>The Resident Representative is requested to provide OPA a copy of the analysis upon its completion.</p>
15.	WRO	Resolved Active	<p>In the 9/25/01 response from WRO, it was stated that the \$2,200 loan was fully paid. OPA was provided copies of the official cash receipt and a check for \$50.25 evidencing final payment representing the balance on the employee loan of \$2,200. This portion of the recommendation pertaining to the \$2,200 employee loan is considered closed.</p> <p>For the \$2,500 loan, the former Resident Representative has entered into an agreement with DOF to make monthly payments in the amount of \$100. The Resident Representative has made three payments totaling \$300 leaving a balance still collectible of \$2,200. OPA was provided copies of the official receipts and checks evidencing payments made of \$300 and a copy of the promissory note</p>



Recommendation	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p data-bbox="1024 296 1235 323">for the \$2,500 loan.</p> <p data-bbox="1024 359 1438 510">In his 3/20/02 response, the current Resident Representative sought the advice of OPA on how to go about collecting the loan made by the former Resident Representative.</p> <p data-bbox="1024 543 1295 571"><i>Further Action Needed</i></p> <p data-bbox="1024 606 1471 823">The portion of the recommendation pertaining to the \$2,500 loan is considered resolved. WRO should provide OPA copies of documents evidencing WRO's receipt of payment on the \$2,200 balance remaining until fully collected.</p>

# APPENDIX A

## Acronyms Used

AGO	Office of the Attorney General
AR	Audit Report
AWOL	Absence Without Leave
BMV	Bureau of Motor Vehicles
BOE	Board of Education
BOELEC	Board of Election
BOT	Board of Trustees
BPL	Board of Public Lands
CAO	Carolinian Affairs Office
CDA	Commonwealth Development Authority
CFA	Confidential Fund Advance
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CGECU	Commonwealth Government Employees Credit Union
CHC	Commonwealth Health Center
CIF	Confidential Informant Fund
CJIS	Criminal Justice Information System
CMC	Commonwealth Code
CNMI	Commonwealth of the Northern Mariana Islands
CPA	Commonwealth Ports Authority
CSC	Civil Service Commission
CUC	Commonwealth Utilities Corporation
DCCA	Department of Community and Cultural Affairs
DDC	Developmental Disabilities Council
DFW	Division of Fish and Wildlife
DLI	Department of Labor and Immigration
DLNR	Department of Lands & Natural Resources
DOC	Department of Commerce
DOF	Department of Finance
DOI	Department of the Interior
DPH	Department of Public Health
DPL	Division of Public Lands
DPS	Department of Public Safety
DPW	Department of Public Works
EMO	Emergency Management Office
FASB	Financial Accounting Standards Board
FLSA	Fair Labor Standards Act
FMS	Financial Management System
FTE	Full Time Employment
FY	Fiscal Year
GASB	Government Accounting Standards Board

GHLIB	Government Health and Life Insurance Branch
GHLITF	Government Health and Life Insurance Trust Fund
GOV	Office of the Governor
HOUSEREP	House of Representatives
HUD	Housing and Urban Development
LDC	Liberation Day Committee
LEG	Legislature
LEGBUREAU	Legislative Bureau
LIBCOUNCIL	Library Council
LT	Letter Report
MHS	Marianas High School
MOU	Memorandum of Understanding
MPLA	Marianas Public Lands Authority
MPLC	Marianas Public Land Corporation
MPLT	Marianas Public Land Trust
MVA	Marianas Visitors Authority
NIMO	Northern Islands Mayor's Office
NMC	Northern Marianas College
NMHC	Northern Marianas Housing Corporation
NMI-GHLITF	Northern Mariana Islands Government Health and Life Insurance Trust Fund
NMIRF	Northern Mariana Islands Retirement Fund
OMB	Office of Management and Budget
OPA	Office of the Public Auditor
OPL	Office of Public Lands
OPM	Office of Personnel Management
OR	Official Receipt
P&S	Procurement & Supply
PDO	Public Defender's Office
PFA	Prostitution Fund Advance
PIEI	Pacific Islands Education Initiative
PO	Purchase Order
PSSRJ	Personnel Service System Regulations Judiciary
PSSRR	Personnel Service System Rules and Regulations
PSS	Public School System
RFP	Request for Proposals
RHC	Rota Health Center
RMC	Rota Municipal Council
RMO	Rota Mayor's Office
SAA	Special Assistant for Administration
SMC	Saipan Municipal Council
SMO	Saipan Mayor's Office
SPMC	Supreme Court
SPRC	Superior Court
STS	Summary Time Sheet
TA	Travel Authorization
TCGCC	Tinian Casino Gaming Control Commission

---

TMC	Tinian Municipal Council
TMO	Tinian Mayor's Office
TMT	Tinian Municipal Treasurer
TSD	Technical Services Division
TV	Travel Voucher
US	United States
UTR	Unposted Transaction Reports
WCC	Workmen's Compensation Commission
WRO	Washington Representative's Office
WSR	William S. Reyes

# Index

Abuse of Government Time	AR-99-01	112
Department of Finance	AR-99-02	130
Advances to Employees	AR-99-03	126
CNMI Single Audit	AR-99-04	50
Commonwealth Utilities Corporation	AR-00-01	29
	AR-00-02	66
Attorney General	AR-00-03	72
Abuse of Government Time by a Technical Financial Analyst	AR-00-04	91
	AR-00-05	114
Alleged Coercive Actions Taken Against Employees	AR-01-01	105
	AR-01-02	16
Compensatory Time Claimed and Retirement Benefits Paid to Two Former Officials of the CPA		
		74
Compliance with Authorized Number of Full Time Employment Positions in the Rota Mayor's Office		35
Consultant's Contract		126
Credit Card and Related Travel Transactions		88
Land Survey Contract for the Tinian Road Resurfacing Project		29
Misuse of Funds and Resources of DDC		22
Misuse of Funds by the Former Secretary of Finance		10
Misuse of Government Funds During the Term of the Former Mayor of Rota		36
Procurement and Costs of Renovating the CDA's Leased Building		67
Professional Services Contracts		2, 3, 50
Rota Health Center (RHC) Director's Claim Against RHC		20
Saipan Fishing Center and Lease of the Garapan Fishing Base		90
Audit Report		
AR-94-03		125
AR-94-05		26
AR-95-12		80
AR-95-17		71
AR-95-18		88
AR-96-01		38
AR-96-05		90
AR-97-03		111
AR-97-05		47
AR-97-06		20
AR-97-07		22
AR-97-11		2
AR-98-02		54
AR-98-03		58
AR-98-04		96
AR-98-05		3
AR-98-06		10
Board of Education		
Compliance with Government Vehicle Act and Regulations		55
Bureau of Motor Vehicles		
Driver's Licensing and Vehicle Registration Activities		26
Board of Public Lands		
Audit of Collection of Rentals on Land Leases with Quarries for Six Lease Years from 1990 to 1995		91
CNMI Government Compliance Audits		
Audit of Employees' Time and Attendance		58
Compliance with Government Vehicle Act and Regulations		54
CNMI Lottery Operations		
Audit of Government Revenues for the Fourth Quarter of Fiscal Year 1999		13
CNMI-Wide Audits		
Audit of Employees' Time and Attendance		58
CNMI Single Audit		40
Compilation of CNMI Government-Paid Travel For Fiscal Year 1997		61
Compliance with Government Vehicle Act and Regulations		54
Professional Services Contracts		47, 50
Commonwealth Development Authority		
Independent Auditor's Report on the Internal Control Structure and Compliance		68
Northern Marianas Housing Corporation		68-69
Procurement and Costs of Renovating the CDA's Leased Building		66
Commonwealth Government Employees Credit Union		
Independent Auditor's Report on the Internal Control Structure and Compliance		70
Commonwealth Health Center		
CNMI Single Audit		41-42

Commonwealth Ports Authority		Procurement and Costs of Renovating the	
Board-Related Transactions . . . . .	71	CDA's Leased Building . . . . .	66
Compensatory Time Claimed and		Procurement and Supply . . . . .	43, 45, 56
Retirement Benefits Paid to Two		Professional Services Contracts . . . . .	2, 3, 47, 50
Former Officials of the CPA . . . . .	72	Rota Health Center Director's Claims . . . . .	20
Independent Auditor's Report on the		Treasury Division . . . . .	43
Internal Control Structure and		Department of Lands and Natural Resources	
Compliance . . . . .	78	Audit of Agreement with a Submerged	
Purchase of Vehicles for DPW . . . . .	71	Land Lessee for Operating the	
Commonwealth Utilities Corporation		Outer Cove Marina from May	
Advances to the Former Executive		1993 to October 1998 . . . . .	16
Director . . . . .	80	Division of Fish and Wildlife . . . . .	14
Audit of Travel of the Board of Directors		Time and Attendance of Two DFW	
Key Management and Other		Employees and Whether their	
CNMI Government Officials		Arrangements with DFW was	
from October 1999 through		Consistent with the Pacific	
March 2001 . . . . .	82	Islands Education Initiative . . . . .	14
Compilation of CNMI Government-Paid		Department of Public Health	
Travel For Fiscal Year 1997 . . . . .	62	CNMI Single Audit . . . . .	41-42
Independent Auditor's Report on the		Commonwealth Health Center . . . . .	41-42
Internal Control Structure and		Development Disabilities Council . . . . .	22
Compliance . . . . .	84	Granting of Unequal Salaries to Social	
Compensatory Time		Worker Employees . . . . .	24
Commonwealth Ports Authority . . . . .	72	Medicaid . . . . .	47
Consultant's Contract		Misuse of Funds and Resources of DDC . . . . .	22
Tinian Casino Gaming Control		Rota Health Center Director's Claims . . . . .	20
Commission . . . . .	126	Department of Public Safety	
Contracts, Professional Services . . . . .	2, 3, 47, 50	Confidential Informant Fund and	
Credit Card		Prostitution Fund for Fiscal Year	
Marianas Public Lands Authority . . . . .	88	Ended September 30, 1999 . . . . .	27
Department of Community and Cultural Affairs		Bureau of Motor Vehicles . . . . .	26
Audit of Employees' Time and		Driver's Licensing and Vehicle	
Attendance . . . . .	58	Registration Activities . . . . .	26
Misuse of Resources . . . . .	6	Department of Public Works	
Department of Finance		CNMI Single Audit . . . . .	44-45
Audit of Government Revenues from the		Land Survey Contract for the Tinian	
CNMI Lottery Operations . . . . .	13	Road Resurfacing Project . . . . .	29
Abuse of Government Time by a Technical		Technical Services Division . . . . .	44-45
Financial Analyst . . . . .	9	Development Disabilities Council	
CNMI Single Audit . . . . .	40-47	Misuse of Funds and Resources . . . . .	22
Compliance with Government Vehicle		Division of Finance and Accounting	
Act and Regulations . . . . .	56	CNMI Single Audit . . . . .	41-42, 46
Double Payments of 1995 Corporate Tax		Division of Fish and Wildlife	
Rebates to Eleven Taxpayers . . . . .	11	Time and Attendance of Two DFW	
Finance and Accounting Division . . . . .	40-42, 46	Employees and Whether their	
Investigation of a Motor Vehicle Leased		Arrangements with DFW was	
by the Tinian Mayor's Office . . . . .	37	Consistent with the Pacific	
Land Survey Contract for the Tinian Road		Islands Education Initiative . . . . .	14
Resurfacing Project . . . . .	29	Division of Procurement and Supply	
Leased Motor Vehicle, Tinian Mayor's		CNMI Single Audit . . . . .	43, 45, 56
Office . . . . .	37	Compliance with Government Vehicle	
Marianas High School Food Court . . . . .	114	Act and Regulations . . . . .	56
Misuse of Funds and Resources of DDC . . . . .	22	Division of Treasury	
Misuse of Funds by the Former Secretary		CNMI Single Audit . . . . .	43
of Finance . . . . .	10	Double Payments, Tax	
Operations of Tinian Mayor's Office . . . . .	38	Department of Finance . . . . .	11
		Emergency Management Office	

Compliance with Government Vehicle Act and Regulations . . . . .	55	Food Court . . . . .	114
Hopwood Junior High School		Marianas Public Lands Authority	
Audit of Property and Equipment . . . . .	112	Audit of Collection of Rentals on Land	
House Speaker		Leases with Quarries for Six	
Compilation of CNMI Government-Paid		Lease Years from 1990 to 1995 . . .	91
Travel For Fiscal Year 1997 . . . . .	61	CNMI Single Audit . . . . .	41, 44
Internal Controls and Compliance		Credit Card and Related Travel	
CNMI Single Audit . . . . .	40	Transactions . . . . .	88
Commonwealth Development Authority . . .	68	Saipan Fishing Center and the Lease of the	
Commonwealth Government Employees		Garapan Fishing Base . . . . .	90
Credit Union . . . . .	70	Marianas Visitors Authority	
Commonwealth Ports Authority . . . . .	78	Audit of Promotion and Advertising	
Commonwealth Utilities Corporation . . . . .	84	Services . . . . .	96
Northern Marianas College . . . . .	99	Medicaid	
Northern Mariana Islands Government		CNMI Single Audit . . . . .	47
Health and Life Insurance		Misuse, Funds	
Trust Fund . . . . .	104	Department of Finance . . . . .	10
Northern Mariana Islands Retirement		Development Disabilities Council . . . . .	22
Fund . . . . .	109	Office of the Rota Mayor . . . . .	36
Public School System . . . . .	115	Misuse, Resources	
Workmen's Compensation Commission . .	127	Developmental Disabilities Council . . . . .	22
Land Lease		Office of Aging . . . . .	6
Garapan Fishing Base . . . . .	90	Municipality of Rota	
Collection of Rentals on Land Leases with		Alleged Coercive Actions Taken Against	
Quarries . . . . .	91	Employees . . . . .	36
Legislature		Compliance with Authorized Number of	
Audit of the Maintenance and Use of the		FTE Positions . . . . .	35
Challenger Since its Purchase		Misuse of Government Funds . . . . .	36
in 1995 . . . . .	4	Office of the Mayor . . . . .	35, 36
House Speaker . . . . .	61	Municipality of Saipan	
Procurement and Costs of Renovating the		Audit of Time and Attendance . . . . .	32
CDA's Leased Building . . . . .	66	Office of the Mayor . . . . .	32
Letter Report		Municipality of Tinian	
LT-95-06 . . . . .	37	Motor Vehicle Leased by the Tinian	
LT-98-07 . . . . .	9	Mayor's Office . . . . .	37
LT-98-11 . . . . .	35	Office of the Mayor . . . . .	37
LT-98-14 . . . . .	111	Operations of Tinian Mayor's Office . . . . .	38
LT-99-02 . . . . .	32	Northern Marianas College	
LT-99-06 . . . . .	24	Audit of Collections and Deposits from	
LT-99-08 . . . . .	6	July to November 1999 . . . . .	97
LT-00-01 . . . . .	61	Audit of Employees' Time and	
LT-00-02 . . . . .	11	Attendance . . . . .	60
LT-00-04 . . . . .	14	Compilation of CNMI Government-Paid	
LT-00-05 . . . . .	97	Travel For Fiscal Year 1997 . . . . .	61
LT-00-07 . . . . .	112	Independent Auditor's Report on	
LT-00-09 . . . . .	36	Compliance and on	
LT-01-02 . . . . .	4	Internal Control . . . . .	99
LT-01-03 . . . . .	33	Northern Marianas Housing Corporation	
LT-01-04 . . . . .	106	Independent Auditor's Report on Compliance	
LT-01-05 . . . . .	108	and on Internal Control . . . . .	68-69
LT-01-06 . . . . .	13	Northern Mariana Islands Government Health	
LT-01-07 . . . . .	82	and Life Insurance Trust Fund	
LT-01-08 . . . . .	27	Independent Auditor's Report on the	
Marianas High School		Internal Control Structure and	
Follow-up Audit of MHS Student Funds . .	111	Compliance . . . . .	104
		Northern Mariana Islands Retirement Fund	

<ul style="list-style-type: none"> <li>Audit and Investigation of Health Insurance                             <ul style="list-style-type: none"> <li>Payments to a Physical Therapy Clinic for Physical Therapy Services June 1993 to December 1999 ..... 105</li> </ul> </li> <li>Audit of Billings for a Professional Services Contract During the Period October 1, 1996 through February 29, 2000 ..... 108</li> <li>Audit of Travel Outside the CNMI from October 1996 through March 2000 ..... 106</li> <li>Compensatory Time Claimed and Retirement Benefits Paid to Two Former Officials of the CPA ..... 76-77</li> <li>Compilation of CNMI Government-Paid Travel For Fiscal Year 1997 .... 62</li> <li>Independent Auditor's Report on the Internal Control Structure and Compliance ..... 109</li> <li>Office of Aging                             <ul style="list-style-type: none"> <li>Misuse of Resources ..... 6</li> </ul> </li> <li>Office of Management and Budget                             <ul style="list-style-type: none"> <li>Professional Services Contracts ..... 48</li> </ul> </li> <li>Office of Personnel Management                             <ul style="list-style-type: none"> <li>Granting of Unequal Salaries to Social Worker Employees ..... 24</li> </ul> </li> <li>Office of the Governor                             <ul style="list-style-type: none"> <li>Compilation of CNMI Government-Paid Travel For Fiscal Year 1997 .... 62</li> <li>Contract with CNMI's Former Acting Attorney General ..... 3</li> <li>Maintenance and Use of the Challenger Since its Purchase in 1995 ..... 4</li> <li>Office of the Special Assistant for Drug and Substance Abuse ..... 2</li> <li>Professional Services Contracts ..... 2, 3</li> </ul> </li> <li>Office of the Mayor                             <ul style="list-style-type: none"> <li>Saipan ..... 32</li> <li>Rota ..... 35</li> <li>Tinian ..... 37</li> </ul> </li> <li>Operations, Audit                             <ul style="list-style-type: none"> <li>Tinian Mayor ..... 38</li> </ul> </li> <li>Procurement                             <ul style="list-style-type: none"> <li>Professional Services ..... 2</li> <li>Renovation of CDA's Leased Building ... 66</li> </ul> </li> <li>Professional Services                             <ul style="list-style-type: none"> <li>Attorney General ..... 3</li> <li>Executive Branch ..... 47, 50</li> <li>Office of the Special Assistant for Drug and Substance Abuse ..... 2</li> </ul> </li> <li>Public School System                             <ul style="list-style-type: none"> <li>Audit of Employees' Time and Attendance ..... 60-61</li> <li>Audit of Marianas High School Food Court Covering School Year</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>1998-1999 ..... 114</li> <li>Audit of Property and Equipment of Hopwood Junior High School ... 112</li> <li>Audit of the William S. Reyes School and 50<sup>th</sup> Golden Jubilee Funds ..... 112</li> <li>Board of Education ..... 55</li> <li>Compliance with Government Vehicle Act and Regulations ..... 55</li> <li>Follow-up Audit of Marianas High School Student Funds ..... 111</li> <li>Independent Auditor's Report on the Internal Control and on Compliance ..... 115</li> <li>Travel of Former Therapist/Adaptive P.E. Specialist ..... 111</li> <li>WSR 50<sup>th</sup> Golden Jubilee Executive Committee ..... 112</li> <li>Retirement Benefits                             <ul style="list-style-type: none"> <li>Commonwealth Ports Authority ..... 72</li> </ul> </li> <li>Rota Health Center                             <ul style="list-style-type: none"> <li>Director's Claims Against the RHC ..... 20</li> </ul> </li> <li>Rota Mayor                             <ul style="list-style-type: none"> <li>Alleged Coercive Actions Taken Against Employees and the Misuse of Government Funds Both During the Term of the Former Mayor of Rota ..... 36</li> <li>Compliance with Authorized Number of FTE's ..... 35</li> <li>Rota Health Center                                     <ul style="list-style-type: none"> <li>Director's Claims ..... 20</li> </ul> </li> </ul> </li> <li>Rota Municipal Council                             <ul style="list-style-type: none"> <li>Audit of Employees' Time and Attendance ..... 58-59</li> </ul> </li> <li>Saipan Mayor                             <ul style="list-style-type: none"> <li>Audit Cash Receipts and Disbursements of the 1999 Liberation Day Committee from April 1 to October 31, 1999 ..... 33</li> <li>Audit of Time and Attendance ..... 32, 59</li> <li>Administrative Division and Mechanic Shop ..... 32</li> </ul> </li> <li>Senate                             <ul style="list-style-type: none"> <li>Compliance with Government Vehicle Act and Regulations ..... 55</li> <li>Senate President ..... 62</li> </ul> </li> <li>Senate President                             <ul style="list-style-type: none"> <li>Compilation of CNMI Government-Paid Travel For Fiscal Year 1997 .... 62</li> </ul> </li> <li>Single Audit                             <ul style="list-style-type: none"> <li>CNMI ..... 40</li> <li>Independent Auditor's Report on the Internal Control Structure and Compliance ..... 40</li> </ul> </li> <li>Superior Court</li> </ul>
--	---



Audit of Employees' Time and Attendance .....	60
Technical Services Division	
CNMI Single Audit .....	44-45
Tinian Casino Gaming Control Commission	
Audit of Consultant's Contract .....	126
Financial Statements and Audit Report for FY1992 and 1993 .....	125
Tinian Mayor	
Audit of Operations .....	38
Investigation of a Motor Vehicle Leased by TMO .....	37
Travel Transactions	
Commonwealth Utilities Corporation .....	81, 82
Compilation of CNMI Government-Paid Travel For Fiscal Year 1997 .....	61
Marianas Public Lands Authority .....	88
Public School System .....	111
Unequal Salaries	
Department of Public Health .....	24
Washington Representative's Office	
Compliance with Government Vehicle Act and Regulations .....	55
Verification of Expenses and Review of Selected Administrative Practices .....	130
Workmen's Compensation Commission	
Independent Auditor's Report on the Internal Control Structure and Compliance .....	127