



Office of the Public Auditor

A Report to the Citizens of the CNMI

Fiscal Year 2020

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Vision

Accountability, transparency, and trust in government.

Mission

We promote and advance government accountability and public trust through the prevention and detection of fraud, waste, and abuse, while maintaining the highest standards of independence, integrity, and professionalism.

ABOUT US

The Office of the Public Auditor is an independent agency of the Commonwealth Government tasked with the responsibility to audit the receipt, possession, and disbursement of public funds and to perform such other duties as required by law.

OPA publishes audits and special reports as well as monitor audit recommendations through a tracking system. OPA also provides presentations on the CNMI Ethics Act and investigates cases of fraud, waste, and abuse.

OPA's mandates include overseeing the CNMI's Citizen Centric Reporting and the submission of the Campaign Statements of Account, the Statements of Financial Interest and the CNMI Single Audit. OPA also hears and decides on procurement appeals and assists the Election Commission with CNMI elections.

OPA's Strategic Goals

- Conduct independent and objective audits with recommendations to improve the efficiency and economy of government agencies
- Continuously follow-up with government agencies on the implementation of audit recommendations
- Investigate cases of misuse, abuse, and fraud of public resources to prevent, detect, and impede the unlawful expenditure of public resources
- Ensure compliance with laws and regulations
- Communicate with stakeholders clearly and promptly to promote public awareness of government operations
- Recruit and retain highly professional individuals



Report fraud, theft, waste, and abuse.

Call 670-235-3937
or fill out our online form.

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OFFICE OF THE PUBLIC AUDITOR

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Leadership:

Public Auditor

Michael Pai, CPA

Audit Staff

David Blake, CPA

Geraldine Tenorio, CFE

Wilma Atalig-Fejeran, CFE

Joaquin Borja, CFE

Jolene Nicole Muna, CFE

Lallane Guiao

Joshua Diaz

Miguel Demapan

Thomas Gregory Rabago

Investigative Staff

Ashley Kost, JD

Juan Santos

Edward Cabrera

Josue Cruz

Administrative Staff

Michelle Camacho

Christine Francisco

OPA started these engagements in 2020:

- AUDIT - Medical Referral Services
- AUDIT - Typhoon Disaster Compensation

OPA completed these engagements in 2020:

- AUDIT - Fuel Contracts
- AUDIT - Government Vehicles
- AUDIT - Government Travel Policy
- AUDIT - Enforcement of Hotel Occupancy Tax
- SPECIAL REPORT - Agency Compliance with CCR

Agency	Report No.	Resolved	Unresolved as of June 2020
DOF	14-01	0	2
DPS	15-01	0	1
DLNR	15-03	0	3
CHCC	17-01	1	2
CUC	17-02	1	0
DPL	18-01	0	2
DPL	19-02	0	3
CEC	19-04	0	3
DPS	19-06	1	1
DOF	20-02	0	5
DOF	20-03	0	2
Total		3	24

OPA's latest Audit Recommendations Tracking results. OPA conducts bi-annual follow-up to ensure implementation of audit recommendations.

CNMI OPA hosted the 31st Annual Association of Pacific Islands Public Auditors (APIPA) Conference from August 3 - 14, 2020 in a first ever virtual platform due to the pandemic. The APIPA 2020 Virtual Conference enabled 699 participants from across 11 time zones to receive over 19,000 CPEs of valuable training. With 124 attendees, the CNMI made up the majority of total participants. The Virtual Conference provided topics in audit writing, root cause analysis, grants management, leadership, internal controls, and quality assurance.

Education and Certifications:

- ◆ **3** audit staff attained their master's degrees and **1** investigative staff attained the Certified Fraud Examiner credential.
- ◆ **1** audit staff is currently pursuing a master's degree and **4** audit staff are pursuing certifications in Fraud Examination, Internal Auditing, and Government Financial Management.

STAFF TRAININGS

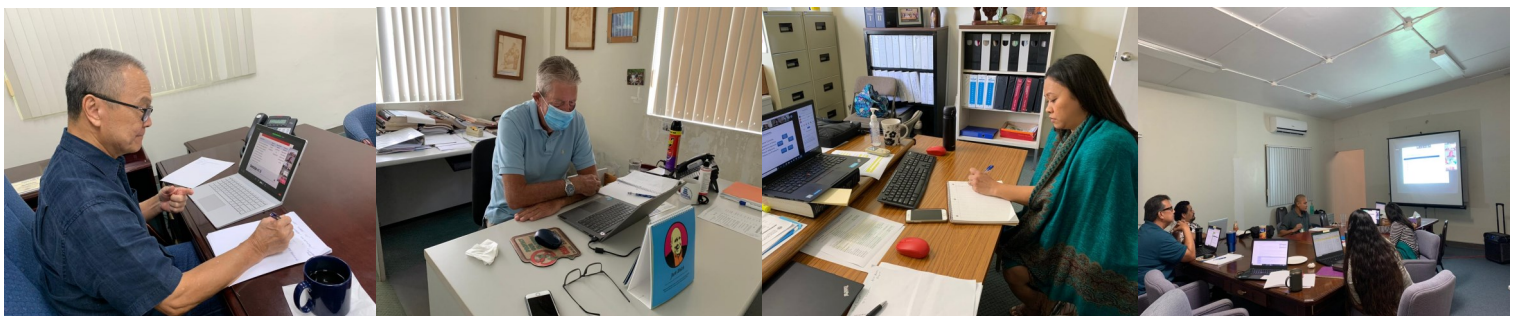
OPA staff attended the following:

1. Graduate School USA - Skills for Leading Performance Audits and Applying Internal Control Standards
2. Deloitte & Touche LLP - GASB Lease Intensive
3. Graduate School USA - APIPA 2020 Virtual Conference

During FY 2020, OPA staff earned a total of **895** hours of CPE.

LEGAL AND INVESTIGATIONS

The Investigations Division received 40 tips in FY 2020: 36 were from Saipan, 3 were from Tinian, and 1 from Rota. Of these, 1 has been opened for full investigation, 10 were unsubstantiated, 8 were referred to the appropriate agency or department heads for administrative action, and the remaining tips are pending evaluation. A total of 4 previous OPA investigations were brought before the local and federal courts.

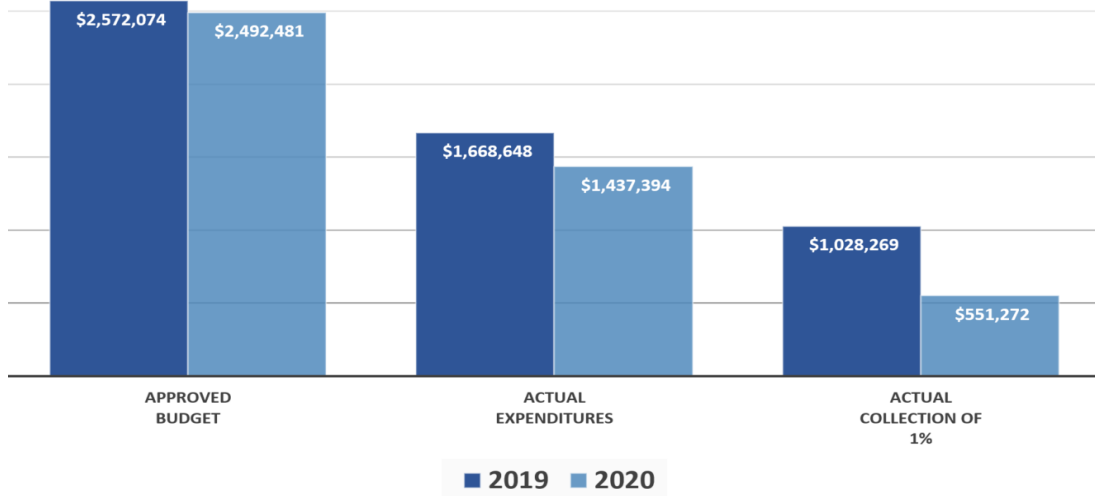


**"More than ever, our accountability profession needs to maintain its core competence as we serve the public and our governments."
- CNMI Public Auditor, Michael Pai, CPA**

Finances for FY 2020

BUDGET TO ACTUAL

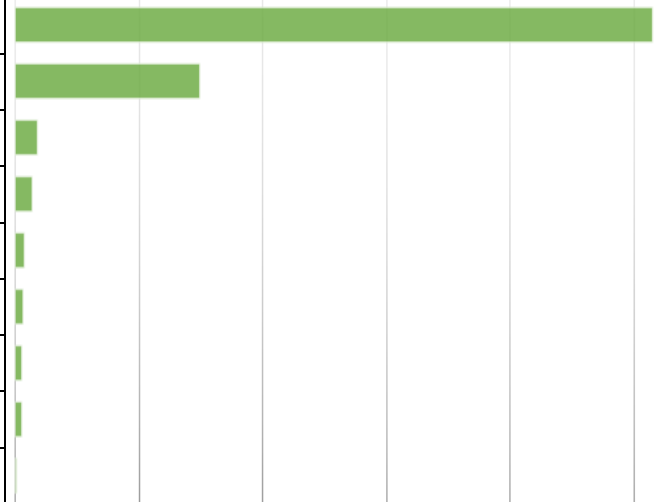
	Approved Budget		Actual Expenditures*		Actual Collection of 1%*	
	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020
Personnel	\$ 1,525,929	\$ 1,519,591	\$ 1,078,608	\$ 1,030,190		
Operations	1,046,145	972,890	590,040	407,204		
TOTAL	\$ 2,572,074	\$ 2,492,481	\$ 1,668,648	\$ 1,437,394	\$ 1,028,269	\$ 551,272



Public Auditor's Fee 1 CMC, 7831 (a)

1% of all amounts appropriated by Commonwealth Law for all Government agencies' and autonomous agencies' operations and activities are to be withheld for OPA.

EXPENDITURES	FY 2019	FY 2020*
Personnel	\$ 1,078,608	\$ 1,030,190
Single Audit & Legal Services	476,695	297,974
Dues & Subscriptions	19,947	34,866
Other	26,980	26,232
Rent	17,109	14,226
Utilities	17,775	11,747
Supplies	10,598	10,478
Communications	12,196	10,198
Training & Travel	8,740	1,483
TOTAL EXPENDITURES	\$ 1,668,648	\$ 1,437,394



*Source: Department of Finance - FY 2020 OPA Expenditure Reports (Unaudited).

INITIATIVES

- ◇ OPA successfully met its mandate under PL 20-83 and oversaw the submission of the Citizen Centric Reports (CCR) of 67 government agencies. The CCRs are made available on OPA's website at www.opacnmi.com. OPA communicated some concerns that were raised regarding interpretation of the law to the Legislature in March and is awaiting their response.
- ◇ OPA awarded its second multi-year contract for the CNMI Single Audit for FY 2020 & 2021 which will include all mayoral offices of the Commonwealth.
- ◇ OPA contracted for a financial audit of the Commonwealth Casino Commission for Fiscal Year 2019.



Graduate School USA's Ms. Ginny Vanderlinde provided valuable training to our Auditors and Investigators from February 3-7, 2020.

CHALLENGES

- ◇ The decline in government revenues has negatively impacted the FY 2020 CNMI's operating budget. This along with non-payment by autonomous agencies of the required 1% OPA fee has impacted OPA's funding. Exemptions and the lack of enforcement mechanisms for collecting OPA's 1% fee is the primary cause of non-payment. OPA continues to consult with the Administration, the Office of the Attorney General, the Legislature, and the Secretary of Finance to resolve this issue.
- ◇ Recruitment and retention efforts have been halted due to ongoing austerity measures which include freezes in hiring and promotions. In 2020, two (2) employees resigned from OPA.
- ◇ The Public Auditor's term will expire in November 2020. OPA hopes for a smooth transition to a new Public Auditor.
- ◇ OPA will continue to seek support for House Bill 21-58 which clarifies and strengthens OPA's authority as an independent agency.

THE AUDIT PROCESS

Survey Phase



We obtain background information on an agency to understand its tone and internal controls. We identify and prioritize potential audit topics based on a risk assessment. We conduct testing. If necessary, we move on to the next phase.

Planning Phase



We formulate a clear objective and prepare an audit plan and program to measure that objective. We meet with the agency at an entrance conference to discuss the objective and scope of the audit.

Fieldwork Phase



We collect and examine information relevant to the audit. This is done through interviews, document and data analyses, and observations. We meet with the agency to discuss the preliminary findings.

Report Writing Phase



Based on fieldwork, we finalize our findings and recommendations in a draft report. The draft report is sent to the agency for their response, which is included in the published report. We also meet with the agency to discuss the report at an exit conference.

We want to hear from you! Do you like this report? Do you have any suggestions? Would you like to see any other information? Please let us know by contacting OPA at 322-6481 or mail@opacnmi.com.

