JOEL C. CAMACHO
CHAIRMAN

Adopted - 7/28/2026 vv
STANDING COMMITTEE REPORT NO. 24-61
DATE: June 26, 2026
RE: House Bill No. 24-66

The Honorable Edmund S. Villagomez
Speaker of the House of Representatives
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations to which was referred:

House Bill No. 24-66: "To regulate advisory and consulting engagements with the Commonwealth by requiring compliance with procurement laws, Attorney General approval, and Public Auditor oversight; to impose a $50,000.00 cap per engagement; to establish priority qualifications; to void non-compliant contracts; to provide remedies and penalties for violations; and to sunset this Act after five years."

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion and deliberation, your Committee recommends that House Bill No. 24-66 be passed by the House in the form of House Draft 1 (HD1).

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7/24/2026
DATE TIME 1:36pm

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 24-66 is to strengthen procurement integrity by requiring that all advisory and consulting engagements with Commonwealth agencies comply with CNMI procurement laws and be certified by the Attorney General, impose a $50,000 per-engagement not-to-exceed cap, prioritize qualified CNMI scholars and economists for engagements, void and prohibit noncompliant contracts, establish public disclosure, reporting, administrative remedies, civil and criminal penalties (including restitution) for violations, and include a five-year sunset to ensure legislative review.

B. Committee Findings:

Your Committee finds that procurement integrity is essential to protect the Commonwealth's legal and fiscal interests; therefore, all advisory and consulting engagements must conform to uniform procurement procedures, be memorialized in written contracts, and receive Attorney General review and certification to prevent ultra vires obligations and ensure expenditures are properly authorized under the CNMI Constitution.

Your Committee finds that informal, oral, or uncompensated advisory arrangements undermine transparency, weaken oversight, and expose the Commonwealth to legal and financial risk; accordingly, requiring clear scopes, deliverables, performance standards, termination provisions, and robust recordkeeping will ensure accountability, enforceability, and effective audit review by the Office of the Public Auditor.

Your Committee finds that fiscal prudence and local capacity building warrant a fifty thousand dollar ($50,000.00) not-to-exceed cap per engagement, a priority for qualified CNMI scholars and trained economists, and a reservation of at least twenty-five percent (25%) of engagements for CNMI-based professionals, measures designed to steward public funds, foster local expertise, and balance external technical assistance with administrative oversight.

Your Committee finds that permitting limited participation by off-island scholars under secure digital-nomad protocols expands access to expertise while protecting Commonwealth systems, and that compliance with procurement regulations, labor and anti-discrimination laws, and any applicable federal funding requirements is mandatory for all engagements.

Your Committee finds that affirmative remedies, including public registers, quarterly reporting, administrative sanctions, civil penalties, criminal penalties with mandatory restitution, and a five-year sunset for legislative review, are necessary deterrents and corrective mechanisms to recover unlawful expenditures, hold responsible officials accountable, and enable periodic assessment of the Act's effectiveness.

C. Committee Amendments:

Your Committee made the following amendments to the strengthen the intent of this Act.

1. Page 1, "A BILL FOR AN ACT" section, the following was deleted:

   "To regulate advisory and consulting engagements with the Commonwealth by requiring compliance with procurement laws, Attorney General approval, ~~and Public Auditor oversight;~~ to impose a $50,000.00 cap per engagement; to establish priority qualifications; to void non-compliant contracts; to provide remedies and penalties for violations; and to sunset this Act after five years."

2. In the following locations, the following was deleted:

   a. Page 1, Lines 7-9: After the word "legality", delete "and the Office of the Public Auditor has constitutional and statutory authority to audit procurement compliance and the disbursement of public funds"

   b. Page 2, Lines 18-20: Delete "Transparency is strengthened by requiring agencies to maintain public registers of advisory engagements and submit quarterly reports subject to audit by the Office of the Public Auditor."

   c. Page 4, Line 8: Delete "designated department head"

   d. Page 11, Lines 14-19: Delete in its entirety "Section 112. Office of the Public Auditor Oversight."

   e. Pages 11-12, Lines 20-21 (Page 11) & Lines 1-2 (Page 12): Delete in its entirety "Section 113. Regulations."

3. In the following locations, the following was inserted:

   a. Page 4, Line 8: After "head", insert "designee"

D. <u>Public Comments</u>:

Your Committee received written comments from the following:

1. Dora I. Deleon Guerrero, CPA, Temporary Public Auditor, Office of the Public Auditor, letter dated October 31, 2025

E. Legislative History:

On October 9, 2025, Representative Marissa R. Flores introduced House Bill No. 24-66, which was referred to the House Standing Committee on Judiciary and Governmental Operations. Your Committee convened on June 25, 2026, and after thorough review, discussion, and deliberation, recommends that the House pass House Bill No. 24-66 in the form of House Draft 1.

F. Cost Benefit:

The enactment of House Bill No. 24-66, HD1, will likely save the CNMI money overall: by capping advisory contracts at $50,000, requiring procurement compliance and Attorney General review, and enabling voiding and restitution for illegal deals, the bill reduces risk of overspending and unlawful obligations; it does add modest administrative costs for legal reviews, recordkeeping, and audits, but these are outweighed by reduced contract waste, greater use of local experts who keep dollars in the economy, and stronger deterrence against improper spending.

III. CONCLUSION:

Your Committee is in accord with the intent and purpose of House Bill No. 24-66 and recommends its passage in the form of HD1.

Respectfully submitted,

Rep. Joel C. Camacho
Chairman

Rep. Blas Jonathan "BJ" T. Attao
Vice Chairman

Rep. Vincent S. Aldan, Member

Rep. Daniel I. Aquino Jr., Member

Rep. Angelo A. Camacho, Member

Rep. Diego V.F. Camacho, Member

Rep. Marissa R. Flores, Member

Rep. Joseph A. Flores, Member

Rep. Julie A. Ogo, Member

Rep. John Paul P. Sablan, Member

____
Rep. Ralph N. Yumul, Member

Reviewed by:
____
House Legal Counsel

Date: 6/30/26

Attachments:

- House Bill No. 24-66, House Draft 1 (HD1)
- Dora I. Deleon Guerrero, Temporary Public Auditor, Office of the Public Auditor, letter dated October 31, 2025

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October 31, 2025 OPA-2026-04

VIA EMAIL (staff.rep.camachoj@gmail.com)

Chairman Joel C. Camacho
The House of Representatives Committee on Judiciary and Governmental Operations
24th Northern Marianas Commonwealth Legislature
Honorable Jesus P. Mafnas Memorial Building
P.O. Box 500586
Saipan, MP 96950

RE: OPA comments regarding House Bill 24-66

Dear Chairman Camacho:

The Office of the Public Auditor ("OPA") appreciates the opportunity to comment on House Bill Number 24-66 ("H.B. 24-66" or the "bill"). OPA recognizes the legislative effort to reduce potentially wasteful advisory and consulting engagements. OPA's comments are limited to the impact and additional duties the passage of this bill will have on OPA. Our comments are as follows:

> Page 3, lines 7-8: Under the definition of agency, there is an extra comma after executive branch but before agency which could be interpreted for application to autonomous agencies outside the executive branch. In the Findings and Purpose section, pages 1-2, lines 11-1, the exact same verbiage is used without the extra comma which would be interpreted to mean executive branch agencies but not autonomous agencies. For compliance purposes, we would need clarification of what entities are required to file quarterly reports.
>
> Page 4, lines 5-6: There is some confusion as to who has the authority to authorize the engagement of a consultant. The Secretary of Finance is clear but what does the term "designated department head" mean and who assigns the designation?
>
> Page 5, lines 7-12: This part outlines what types of services shall be prioritized. Are other types of engagements allowed to be prioritized for areas outside economics, business administration, tourism, or social service programs? For example, can the Department of Public Works prioritize consultants for engineering or architecture?
>
> Pages 5-6, lines 19-5: This part requires twenty-five percent of engagements to be reserved for CNMI-based professionals. How will that be determined and who will make that determination? Page 6, line 3 refers to the "Secretary" but which Secretary? The term Secretary is used a couple times subsequently without clear definition. As discussed above, page 4, lines 5-6, refer to the Secretary of Finance or potentially "designated department

head[s]" many of whom also have the title of Secretary. The confusion surrounding these terms will complicate compliance efforts.

Page 8, lines 5-19: This part outlines prohibitions against individual agency action without a list of requirements but does not include an authorization of engagement from the Secretary (of Finance or otherwise). If the authorization is required, then it should also be listed as a requirement before an agency can proceed, regardless of who has the authority to make the authorization.

Page 9, lines 13-20: Section 108 requires agencies, departments, boards, and commissions to maintain a register of all advisors and the contract information, post it publicly, and report it quarterly to OPA. Where should the agencies post it? Also, who is supposed to report noncompliance to the Office of the Attorney General or OPA? OPA would suggest the inclusion of language, similar to that of the Statement of Financial Interest, that prior to the processing of the first payment for a new advisory engagement, Finance will confirm that the agency self-reported to OPA.

Page 11, lines 6-11: Section 112 requires OPA to audit and review advisory engagements and contracts of all agencies, departments, boards and commissions. As discussed earlier, will this law only apply to executive branch agencies or will it also apply to autonomous agencies? Will it apply to political subdivisions, i.e. the Mayor's Offices? Also, for the purpose of this bill, are advisory engagements, advisory contracts, and consultant engagements the same thing as these terms seem to be used interchangeably throughout the document? Alternatively, is this bill requiring OPA to review all types of contracts for all agencies every time a new contract is entered into? Statutorily, the Office of the Attorney General is already required to review and approve all types of contracts, which would include advisory engagements, per 1 CMC § 2153(g).

OPA appreciates the invitation to comment on H.B. 24-66. OPA agrees that actions should be taken to address issues of excessive government advisory and consulting contracts. However, H.B. 24-66 creates duplicative efforts and confusion without addressing the underlying issue.

If you have any questions about OPA's comments, please do not hesitate to contact my office.

Sincerely,

Dora P. Deleon Guerrero, CPA
Temporary Public Auditor

cc: Ashley Kost, OPA Legal Counsel

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 2025

Second Regular Session, 2025 **H. B. 24-66, HD1**

A BILL FOR AN ACT

To regulate advisory and consulting engagements with the Commonwealth by requiring compliance with procurement laws, Attorney General approval, ~~and Public Auditor oversight~~; to impose a $50,000.00 cap per engagement; to establish priority qualifications; to void non-compliant contracts; to provide remedies and penalties for violations; and to sunset this Act after five years.

BE IT ENACTED BY THE 24TH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Short Title. This Act shall be known and may be cited as the "Public Procurement Integrity and Advisor Accountability Act of 2025".

Section 2. Findings and Purpose. Procurement law in the Commonwealth requires that all public contracts comply with uniform procedures, and no agreement is valid unless it conforms to those statutory and regulatory standards. The Attorney General is specifically charged with reviewing and approving all contracts as to form and legality~~, and the Office of the Public Auditor has constitutional and statutory authority to audit procurement compliance and the disbursement of public funds~~.

Accountability is compromised when informal engagements, oral agreements, or uncompensated advisory arrangements occur within executive branch agencies, departments, boards, or commissions. Such practices risk violating procurement law, undermine transparency, expose the Commonwealth to fiscal and legal liability, and interfere with oversight. To prevent these dangers, the Legislature establishes a maximum contract value of fifty thousand dollars ($50,000.00) for any advisory engagement, a limit comparable to rates in other similarly situated jurisdictions and one that ensures fiscal responsibility. Priority is also given to economists and CNMI scholars with a master's degree in political science to foster local talent, attract skilled advisors, and support the rebuilding of the Commonwealth during this period of economic recovery.

Constitutional principles require that no contract may bind the Commonwealth without proper expenditure authority under Articles II and III of the Constitution. This Act reinforces that mandate by prohibiting executive branch agencies, departments, boards, and commissions from authorizing salaries or payments in excess of the statutory fifty thousand dollar ($50,000.00) limit, thereby preserving separation of powers and legislative control over appropriations.

~~Transparency is strengthened by requiring agencies to maintain public registers of advisory engagements and submit quarterly reports subject to audit by the Office of the Public Auditor.~~ The Act also provides civil and criminal penalties consistent with statutory procedures in Title 4 of the Commonwealth Code, and it includes a five-year sunset provision to ensure future legislative review. Together, these safeguards limit financial and contractual authority to lawful bounds, guarantee the validity of public contracts, preserve oversight, and encourage skilled local professionals to contribute to the advancement of the Commonwealth.

Section 3. <u>Enactment.</u> Subject to codification by the CNMI Law Revision Commission, the following provisions are hereby enacted into law:

"Section 101. Definitions. For the purpose of this Act, the following terms shall have the meanings ascribed to them in this section:

(a) "Agency" includes any executive branch, agency, department, board, or commission of the Commonwealth.

(b) "Advisor" means any individual or entity engaged to provide policy advice, technical assistance, research, analysis, or similar advisory services to an Agency, whether compensated or uncompensated.

(c) "Economist" means an individual with formal training in economics and/or advanced degree in economics.

(d) "CNMI Scholar" means an individual who is a citizen or permanent resident of the CNMI and holds a master's degree from an accredited institution.

(e) "Contract" means a written agreement signed by the authorized Commonwealth official(s), prepared/executed in accordance with applicable

CNMI procurement statutes and regulations, and subject to the Not-to-Exceed amount specified in this Act.

(f) "Procurement Regulations" means the Commonwealth procurement regulations applicable to the Agency involved, including Subchapter 70-30.3 (Title 70) and agency-specific regulations.

Section 102. Consultant Engagement Services.

(a) Authorization of Engagement. The Secretary of Finance or ~~designated department head~~ designee, is authorized to engage consultants to provide professional, technical, or advisory services as necessary to support the functions of the department. Each engagement shall be established by a written agreement specifying:

(1) Scope of services;

(2) Duration and deliverables;

(3) Compensation; and

(4) Performance standards.

(b) Applicable law: Each engagement shall comply with the following:

(1) The CNMI Procurement Regulations, Title 70 of the Commonwealth Administrative Code (NMIAC 70-30.3)

(2) Applicable labor laws; and

(3) Any relevant federal funding requirements.

(c) Consultants shall not be considered employees of the Commonwealth for any purpose, including retirement, health, or benefits coverage, unless expressly provided by law.

Section 103. Scope of Engagement.

(a) Each consultant engagement shall constitute a discrete assignment. Engagements shall prioritize projects that:

(1) Advance economic development;

(2) Promote tourism management and hospitality practices;

(3) Enhance social services programs.

(b) Consultants may provide the following:

(1) Strategic planning, market analysis, and policy recommendations;

(2) Best practices, operational guidance, or capacity-building support;

(3) Design, evaluation, or implementation support for social service programs;

(4) Research, training, or technical assistance within their area of expertise.

(c) Priority shall be given to individuals with advanced degrees in business disciplines (finance, management, economics, marketing, entrepreneurship), and off-island scholars may participate as digital nomads, subject to secure access, departmental operational requirements, and concurrence by the CNMI Scholarship and Financial Assistance Office verifying legal qualification to engage in consultancy services.

(d) At least twenty-five percent (25%) of engagements shall be reserved for qualified CNMI-based professionals meeting the same eligibility standards. The Secretary shall implement a staggered engagement schedule to ensure no more than 6 consultants are engaged concurrently, to reduce administrative burden and optimize departmental oversight. For good cause shown, this limit may be increased at the sole discretion of the Secretary with written notice to the Presiding Officers of the CNMI Legislature certifying that the hiring of a consultant above the limit is needed for the benefit of the Commonwealth.

(e) Off-island scholars performing as digital nomads shall comply with mandatory technology and integration protocols, including:

(1) Secure access to CNMI systems;

(2) Regular virtual meetings with local staff;

(3) Submission of electronic deliverables according to the engagement timeline;

(4) Participation in quarterly project reviews.

(f) Consultants shall be compensated per engagement, with fees and reimbursement of expenses documented in the engagement agreement.

Compensation for any single engagement shall not exceed fifty thousand dollars ($50,000.00). Engagement agreements may specify a price range for services but must not exceed the maximum.

(g) Payment shall be subject to:

(1) Availability of appropriated funds;

(2) Compliance with CNMI fiscal laws, including proper accounting, reporting, and audit requirements; and

(3) Any applicable federal funding restrictions, including prioritization of federal funds before local funds, where required.

Section 104. Accountability and Reporting.

(a) Consultants shall submit a written report at the conclusion of each engagement detailing:

(1) Services rendered;

(2) Findings; and

(3) Recommendations.

(b) The Secretary shall maintain complete records of all engagements, compensation, and expenditures in accordance with:

(1) CNMI Public Financial Management Act;

(2) CNMI Constitution

(3) Any relevant federal reporting obligations.

Section 105. Termination. Any engagement may be terminated for cause or convenience by the Secretary, consistent with the terms of the engagement agreement. Termination shall not create obligations beyond compensation earned per engagement prior to termination, which shall in no case exceed the not-to-exceed limit specified.

Section 106. Non-Discrimination and Compliance. All consultant engagements shall be conducted without discrimination based on race, sex, religion, disability, national origin, or political affiliation, in compliance with CNMI and federal anti-discrimination laws, including:

(a) Title VII of the Civil Rights Act;

(b) CNMI Human Rights Act provisions.

Section 107. Prohibition – Validity of Engagements; Requirement of Proper Contract; Not-to-Exceed Amount; Priority Order; Limitation on Legal Action; Salary Cap.

(a) No agency, department, board, commission, officer, employee, or person acting on behalf of the Commonwealth shall:

(1) Permit an Advisor to perform advisory, policy, or consulting services unless engaged under a written Contract that:

(i) Complies with Procurement Regulations;

(ii) Is reviewed/prepared by the contracting officer;

(iii) Is certified by the Attorney General; and

(iv) Does not exceed fifty thousand dollars ($50,000.00), except that any contract above this amount shall require the written approval of the Attorney General, who shall certify that the engagement is legally sufficient, necessary, and in the best interest of the Commonwealth.

(2) Rely upon or accept deliverables from an Advisor not engaged under such a Contract.

(b) Priority Engagement:

(1) First priority: CNMI Scholars with advanced training or degree in Economics.

(2) Second priority: CNMI Scholars with an emphasis in Business Administration and/or Tourism Management Degrees.

(c) Any engagement not compliant with Procurement Regulations, Attorney General review, or exceeding the Fifty Thousand Dollars ($50,000.00) limit is void and unenforceable.

(d) Limitation on Legal Action:

(1) Only authorized expenditure authorities or officials may bind the Commonwealth; accordingly, other actions are presumptively ultra vires.

Section 108. Disclosure, Filing, and Audit Reporting.

(a) Agencies, departments, boards, and commissions shall maintain a public register of all Advisors, including name, scope, contract dates, contract value, and procurement method.

(b) Registers must be posted publicly and provided quarterly to the Office of the Public Auditor.

(c) Noncompliant engagements must be reported immediately to the Attorney General and the Office of the Public Auditor.

Section 109. Remedies, Administrative Sanctions, and Restitution.

(a) Agencies must terminate noncompliant engagements and pursue administrative remedies, including fund recovery, suspension of responsible officials, and personnel discipline.

(b) Civil penalties: Up to Ten Thousand Dollars ($10,000.00) per violation for officials knowingly authorizing noncompliant engagements.

(c) Any engagement exceeding Fifty Thousand Dollars ($50,000.00) triggers immediate termination, nullification, and possible civil liability.

(d) Attempts by agencies, departments, boards, or commissions to exceed Fifty Thousand Dollars ($50,000.00) are unauthorized acts, subject to civil and administrative sanctions.

Section 110. Criminal Penalties and Restitution. Any person who knowingly and willfully authorizes or executes a contract or obligation in circumvention of procurement law, or in excess of the authorized expenditure authority, where such action causes obligations exceeding Five Thousand Dollars ($5,000.00), commits a petty misdemeanor punishable by imprisonment of not more than six (6) months, or a fine not exceeding Two Thousand Dollars ($2,000.00), or both.

In addition to any criminal penalty imposed, the court shall order full restitution to the Commonwealth equal to the amount of any unlawful obligation or expenditure caused by the violation. Restitution under this section shall be mandatory, enforceable as a civil judgment, and shall not be construed as a criminal fine for purposes of determining the right to a jury trial.

Section 111. Attorney General Authority and Certification. No contract is effective against the Commonwealth, including agencies, departments, boards, or commissions, until reviewed and certified by the Attorney General.

~~Section 112. Office of the Public Auditor Oversight.~~

~~(a) The Office of the Public Auditor shall audit and review advisory engagements and contracts of all agencies, departments, boards, and commissions.~~

~~(b) Agencies shall provide all requested documents, including contract, emails, invoices, and deliverables.~~

~~Section 113. Regulations. The Department of Finance, in coordination with the Attorney General and the Office of the Public Auditor, shall issue~~

~~implementing regulations, including templates, public registers, reporting procedures, penalties, enforcement procedures, and priority rules.~~"

Section 4. Sunset Provision. This Act shall expire five (5) years from its effective date, unless renewed by the Legislature after review. Any contract or engagement entered into prior to the expiration of this Act shall remain valid and enforceable until its stated term of performance, and shall not be affected by the sunset of this Act.

Section 5. Severability. If any provisions of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 6. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 7. Effective Date. Upon its approval by the Governor, or it becoming law without such approval.

Prefiled: 10/3/2025

Date: 10/1/2025

Introduced by:
/s/ Rep. Marissa R. Flores
/s/ Rep. Vincent R. Aldan
/s/ Rep. Daniel I. Aquino Jr.
/s/ Rep. Roman C. Benavente
/s/ Rep. Angelo A. Camacho
/s/ Rep. Joseph A. Flores
/s/ Rep. Malcolm J. Omar
/s/ Rep. Elias J.M. Rangamar
/s/ Rep. Edmund S. Villagomez
/s/ Rep. Denita Kaipat Yangetmai

Reviewed for Legal Sufficiency by:

/s/ Joseph L.G. Taijeron, Jr.
House Legal Counsel

Date: 9/30/2025