




# Office of the Public Auditor

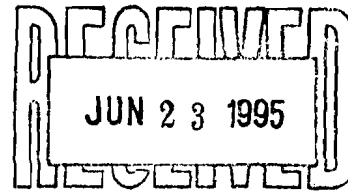
Commonwealth of the Northern Mariana Islands

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

8918 Address:  
P.O. Box 1399  
Saipan, MP 96950  
Cable Address:  
Pub Aud NMI Saipan  
☐ (670) 234-6481/2  
Fax (670) 234-7812

June 22, 1995

Mr. Felix R. Nogis   
Chairman  
Committee on Executive Branch and  
Local Government  
Third Constitutional Convention  
Commonwealth of the Northern  
Mariana Islands  
Saipan, MP 96950



Dear Mr. Nogis:

We are pleased to be of assistance in the work of the Committee on Executive Branch and Local Government of the Third Constitutional Convention on issues of cooperation between the Office and the Office of the Attorney General and Public Auditor as elected position. Following are our comments.

## COOPERATION WITH THE ATTORNEY GENERAL'S OFFICE

Regarding cooperation between the Office of the Public Auditor and the Office of the Attorney General, it is my opinion that the Commonwealth Auditing Act of 1983 provides appropriate mechanisms for such cooperation and coordination. The Auditing Act provides that any indications of criminal activity noted during audits be referred to the Attorney General. All such indications of criminal activities as well as any potential civil actions that the Attorney General may wish to pursue have been referred. In addition, the Public Auditor's Office has worked closely with the Investigations Unit of the Attorney General's Office and with attorneys assigned to specific actions.

In addition, the Auditing Act specifies that the Public Auditor may employ investigators and contract with consultants, etc., as deemed necessary. We are in the

process of forming an Investigations Division in order to better serve the intentions of the Auditing Act. In instances where indications of criminal or civil actions are noted during audits, the Audit Office investigators can immediately begin working closely with the auditors to conduct investigations.

We understand that one of the obstacles of the Attorney General's Office is that its investigation staff is limited and has considerably more work to do than respond only to Public Auditor referrals. Therefore, our referrals to the Attorney General will state the status of our own investigations, and we will work in conjunction with the Attorney General's Office to relieve the Attorney General's Office of much of the investigation work involved with our referrals. When completed, all investigation work will be provided to the Attorney General's Office. In addition, the Investigation Division of the Public Auditor's Office will include a proactive program to work with agency officials to help prevent criminal activities from occurring in the first place.

We believe that our Investigation Division will foster improved cooperation between the two Offices. We welcome any additional measures which might facilitate cooperation between the Public Auditor's Office and the Attorney General's Office.

### **ELECTED PUBLIC AUDITOR**

There is no certainty that an elected or appointed Public Auditor will result in obtaining the right person for the position. It is my opinion that qualifications are more important than the means of filling the position. However, electing a Public Auditor might result in a popularity contest, whereas an appointed Public Auditor (as it now stands) must be scrutinized by both houses of the legislature. I favor an appointed Public Auditor.

Regarding qualifications, the Auditing Act requires the Public Auditor to be a certified public accountant (CPA). I believe this qualification is important not only because it prescribes a minimum level of professionalism, but also because the American Institute of Certified Public Accountants has raised objections to state auditors signing reports if they are not CPAs. In addition, I believe the Public Auditor should be required to have several years experience as a government auditor. There is no college curriculum that I am aware of that teaches government auditing. Government auditing is significantly different than balance sheet and compliance auditing that most CPA firms perform. Consequently, government auditing is generally learned on the job and it takes from three to five years to learn. Many persons discover in the three-to-five year period that they do not have the aptitude for government auditing.

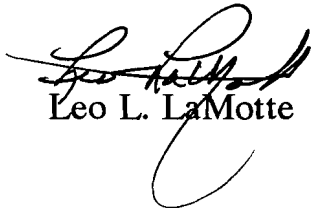
Some argue that a good manager can manage any organization. While there is some

truth in that observation, it applies mainly in large organizations where the manager does not perform technical work. In my opinion, the CNMI Office of the Public Auditor is not large enough to afford, and the CNMI government cannot afford, a Public Auditor who does not participate in the technical side of auditing. The Public Auditor should be a teacher and a participant in technical aspects of the audit work.

Consequently, I favor increasing the qualifications of the Public Auditor to include several (perhaps five) years of successful experience in government auditing which could be required through amendment to the Auditing Act.

Thank you for the opportunity to comment on these proposals. Should you have any questions, please do not hesitate to contact us.

Sincerely,



Leo L. LaMotte