

**David M. Apatang**  
Governor



**Dennis James "DJ" C. Mendiola**  
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS  
**OFFICE OF THE GOVERNOR**

**EXECUTIVE ORDER NO. 2025-003**

**SUBJECT:** Clarifying Roles and Responsibilities within the Single Audit Committee

**AUTHORITY:** NMI Const. art. III, § 1 provides that "[t]he executive power of the Commonwealth shall be vested in a governor who shall be responsible for the faithful execution of the laws"; NMI Const. art. III, § 14 provides that "[t]he governor may at any time require information in writing or otherwise from the head of any administrative department, office or agency of the Commonwealth"; and NMI Const. art. III, § 15 permits the governor to "make changes in the allocation of offices, agencies and instrumentalities and in their functions and duties that are necessary for efficient administration."

**WHEREAS;** Subpart F of the OMB Uniform Guidance, 2 CFR Part 200, requires an organization-wide audit of an entity that expends a threshold of amount of federal assistance for its operations; and

**WHEREAS;** CNMI Public Law No. 19-49, as codified at 1 CMC § 2892, contemplates the existence of a Single Audit Committee to be coordinated in part by the Office of Grants Management and State Clearinghouse; and

**WHEREAS;** the most recent complete Single Audit for the Commonwealth of the Northern Mariana Islands is for Fiscal Year 2021; and

**WHEREAS;** Finding No. 2021-006 of the FY 2021 Single Audit found that the CNMI was not in compliance with GASB Codification 2600 because it did not obtain audited financial statements from component units including Commonwealth Healthcare Corporation (CHCC), the Northern Marianas Housing Corporation (NMHC), and the Northern Mariana Islands Retirement Fund (NMIRF); and

**WHEREAS;** the auditors for the FY 2021 Single Audit issued a Disclaimer of Opinion for Governmental Activities and an Adverse Opinion on the Aggregate Discretely Presented Component Units;

**WHEREAS;** 1 CMC § 7821 provides that the Public Auditor "shall conduct or supervise all audits required for or sought by a Commonwealth agency";

**NOW, THEREFORE,** I, David M. Apatang, by virtue of the power vested in me by the Constitution and laws of the Commonwealth of the Northern Marianas Island, and in order to achieve effective and efficient government administration so as to better serve the interests of the Commonwealth and its people, hereby order that the roles and responsibilities of coordinating entities within the Single Audit Committee shall be allocated as follows:

## Section 1. Office of the Public Auditor (OPA).

- a) The Office of the Public Auditor shall be responsible for oversight and for the CNMI government's Single Audit Contract, including management of the NMIRF audit contract. To that end, it shall perform project monitoring tasks for the central government, including the following:
- 1) Monitor and enforce contract milestones with the auditor and auditee;
  - 2) Conduct a meeting prior to the start of the audit with the Audit Committee and with the Component Units to establish an audit plan and timeframe;
  - 3) Facilitate and participate in the audit entrance and exit conferences with the external auditor and Audit Committee;
  - 4) Perform preliminary review of the Trial Balance (TB), Schedule of Expenditures of Federal Awards (SEFA), and supporting schedules prior to submission to the external auditors upon request by the Department of Finance;
  - 5) Obtain monthly status updates from the external auditors;
  - 6) Monitor the external auditor's audit requests and auditee compliance;
  - 7) Provide audited financial statements of the Component Units to the external auditors for inclusion in the CNMI-wide financial statements; and
  - 8) Distribute and publish audit reports.
- b) OPA shall also perform project monitoring tasks for the Component Units, including the following:
- 1) Request internal timelines for audit catch-up;
  - 2) Facilitate and participate in the audit entrance and exit conferences;
  - 3) Obtain regular status updates from management based on established timelines and the audit catch-up plan;
  - 4) Request audited financial statements to be provided to OPA; and
  - 5) Distribute and publish audit reports.
- c) Staff shall attend a bi-weekly audit working group meeting and the Public Auditor shall attend monthly Project Status meetings.

## Section 2. Department of Finance, Office of the Secretary of Finance (SOF)

- a) The Department of Finance, through the Office of the Secretary, shall be responsible for the financial audit, and shall:
- 1) Produce a reconciled trial balance:
    - a. Balanced by fund and fund types;
    - b. Such that the beginning fund balances agree to prior year audited ending fund balances;
    - c. Supported by subledgers and schedules;
    - d. If applicable, providing client-proposed adjustments;
  - 2) Produce a reconciled Schedule of Expenditures of Federal Awards (SEFA):
    - a. Reconciled to the TB;
    - b. Supported by detailed subledgers, by ALN #;
  - 3) Provide a preliminary SEFA to OGM for major program preparation;
  - 4) Produce audit schedules and subledgers, including but not limited to:

- a. Cash, Time certificates of Deposits and Investments, including:
    - i. Bank reconciliation and schedules for all bank accounts;
    - ii. Copies of bank statements for September and October for all cash accounts;
    - iii. Schedule and copies of Time Deposits (TCD) (if applicable);
    - iv. Schedule of investments;
    - v. Schedule of restricted cash and cash equivalents;
    - vi. Bank confirmations for all banks;
  - b. Receivables, including:
    - i. General receivables;
    - ii. Roll forward of allowance for doubtful accounts;
    - iii. Federal receivables;
    - iv. Taxes receivable;
  - c. Advances;
  - d. Inventories;
  - e. Due to and Due from;
  - f. Capital Assets, including:
    - i. Schedule of additions and disposals;
    - ii. Schedule of construction in progress;
    - iii. Schedule of depreciation and accumulated depreciation;
  - g. Payables, including:
    - i. Accounts payable; and
    - ii. Tax rebate payable;
  - h. Other liabilities and accrued expenses;
  - i. Compensated Absences;
  - j. Claims and judgments payable;
  - k. Long term debt, including:
    - i. Copies of agreements of new loans or bonds issuance;
    - ii. Schedule of payments made during the year;
  - l. Government-wide Combined Bank Statements, including a Schedule of Reconciliation;
  - m. Governmental Funds-Major Funds, including a Schedule of major funds;
  - n. Non-Major Funds- Combined
  - o. Due to and Due From the Component Units;
- 5) Conduct a preliminary review of major programs;
  - 6) Assemble bank reconciliation, bank confirmation, and supporting documentation for audit schedules (e.g., sample transactions);
  - 7) Record GHLI transactions;
  - 8) Prepare management discussion & analysis (MD&A); disclosure notes to financial statements; notes to other supplementary information; and a Schedule of Prior Year Audit Findings;
  - 9) Coordinate agency-grantor communication documenting resolved audit findings;
  - 10) Produce all sample testing documentation related to federal financial reporting;
  - 11) Monitor external auditor requests related to the financial audit; and
  - 12) Provide IT support for the financial management system to ensure program managers have access to source documents.

- b) Staff shall attend a bi-weekly audit working group meeting and the Secretary of Finance shall attend monthly Project Status meetings.
- c) By appointment to this role on the Single Audit Committee, the Secretary of Finance may take on significant additional responsibilities with this important and time-sensitive task.

Section 3. Office of Grants Management (OGM)

- a) The Office of Grants Management shall be responsible in part for compliance auditing and shall:
  - 1) Consistently with 1 CMC § 2892(n), “take part in activities of the single audit committee”;
  - 2) Conduct a major program mandatory audit entrance conference;
  - 3) Conduct, in collaboration with OPA, a Compliance Supplement overview training for major programs;
  - 4) Identify preliminary high-risk programs;
  - 5) Provide an overview to major programs of audit objectives; expected audit testing;
  - 6) Assist auditees with Corrective Action Plan (CAP) draft reviews and finalize with auditees;
  - 7) Provide auditees support to resolve audit findings; and
  - 8) Provide auditees support and training to access the financial management system for audit documentation retrieval.
- b) Staff shall attend bi-weekly audit working group meeting and the OGM Administrator shall attend monthly Project Status meetings.

Section 4. Office of Management and Budget (OMB)

- a) The Office of Management and Budget shall be responsible in part for compliance auditing and shall:
  - 1) Participate in the mandatory audit entrance conference;
  - 2) Participate in the Compliance Supplement overview training for major programs;
  - 3) Provide Required Supplementary Information- Schedule of Budget to Actual;
  - 4) Monitor the external auditor portal with respect to compliance audit requests for major programs;
  - 5) Provide a monthly report on completed/pending audit tasks;
  - 6) Initiate auditee communications (e.g., check-ins/follow-ups to ensure timely completion);
  - 7) Monitor non-portal communications (e.g., auditor email requests, auditee communications to auditor); and
  - 8) Assist auditees in providing population and sample testing documentation.
- b) Staff shall attend bi-weekly audit working group meeting and the Special Assistant for Management and Budget shall attend monthly Project Status meetings.
- c) By appointment to this role on the Single Audit Committee, the Special Assistant for Management and Budget may take on significant additional responsibilities with this important and time-sensitive task.

## Section 5. Timeline

- (a) For each Fiscal Year Single Audit, the Single Audit Committee shall establish and enforce a timetable for completion of the following tasks:
- 1) Provision of Final Trial Balance and SEFA by the Commonwealth government;
  - 2) Coordinate an entrance conference with the external auditor, to include:
    - a. Planning the audit;
    - b. Developing risk assessment and audit scopes;
    - c. Understanding the IT environment;
  - 3) Conducting audit fieldwork;
  - 4) Conducting an exit conference to discuss the results of the audit; and
  - 5) Issuing audit reports.

## Section 6. General Provisions.

- (a) This executive order shall be implemented consistent with applicable law.
- (b) This executive order is not intended to and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the Commonwealth, its departments, agencies, or entities, its officers, employees, or agents, or any other person.
- (c) All departments, agencies, and programs subject to the Single Audit shall comply, fully and promptly, with the activities of the Single Audit Committee, and shall designate a point of contact responsible for liaising with the Committee and furnishing requested audit materials.
- (d) The Governor may, directly or through his designee, exercise his constitutional authority under Article III, sections 1 and 14 of the NMI Constitution to enforce compliance with this executive order by all affected agencies, with potential consequences for noncompliance up to and including adverse personnel action.
- (e) The Single Audit Committee may coordinate communications with the boards of component unit entities regarding status updates on their respective audits.
- (f) Because this executive order does not affect existing law within the meaning of Article III, section 15 of the NMI Constitution, it does not require submission to the Legislature.
- (g) If any provision of this executive order 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 executive order or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

**It is so Ordered,**

**SIGNED AND PROMULGATED** on this  day of August 2025.

  
**DAVID M. APATANG**  
Governor