

**TITLE 1: GOVERNMENT**  
**DIVISION 7: PLANNING, BUDGETING AND AUDITING**

**§ 7823. Audit Procedures and Requirements.**

(a) At the conclusion of the audit, the Public Auditor or a designee shall discuss the audit with the officials whose agency, grant, contract, or activity is subject to audit and submit to them a list of proposed findings which may be included in the audit report. The preliminary audit and proposed findings shall not be made public. If the officials are not available for personal receipt of the list of audit findings, then delivery shall be deemed made when it is delivered to the agency. The agency shall submit to the Public Auditor within 30 days after the receipt of the list of findings, its written statement of explanation or rebuttal concerning any of the adverse or critical audit findings, including any corrective action to be taken to preclude a recurrence of any adverse findings. The Public Auditor shall promptly notify the agency involved as well as the coordinating group in the event of an agency's failure to respond or the filing of unresponsive answers to the adverse or critical audit findings. The Public Auditor shall publish the substance of the agency's response in the audit report.

(b) An audit report shall make special mention of:

(1) Any violation of the laws within the scope of the audit; and

(2) Any improper expenditure, any improper accounting procedures, all failures to properly record financial transactions, and all other inaccuracies, irregularities, shortages, and defalcations.

(c) Specific allegations naming the persons involved in improper or illegal acts found in connection with an audit shall be included in a separate confidential special report which shall be transmitted only to the Attorney General and federal agencies when applicable.

(d) The Public Auditor shall promptly make public in its entirety all final audit reports, recommendations, and other reports made. The audit report recommendations shall be implemented by the audited agency unless otherwise agreed on by the Public Auditor.

(e) The Public Auditor shall report semiannually to the legislature on the audited agencies' compliance with the Public Auditor's recommendations.

(f) It shall be unlawful for any person in possession of, with knowledge of, or privy to information contained in a preliminary audit and proposed findings report (draft audit report) to disseminate, release, disclose or otherwise reveal the substance of such report to anyone not included in the report's distribution list, unless necessary for agency comments. A violation of this subsection shall be punished by imprisonment for not more than six months, or a fine of not more than \$1,000.00 or both.

**Source:** PL 3-91, § 208; amended by PL 9-68, § 2; subsection (f) added by PL 12-65, § 6.

**Commission Comment:** PL 9-68, the "Public Auditor Amendments Act of 1994," took effect October 31, 1995. According to PL 9-68, § 1(b):

Purpose. It is the purpose of this Act to grant the Office of the Public Auditor greater independence and authority with respect to the executive

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branch and independent agencies of the Commonwealth Government. This Act also conforms the Commonwealth Auditing Act of 1983 [1 CMC § 7811 et seq.], and other provisions of the Commonwealth law to the recently adopted Constitutional Amendment of [N.M.I. Const. art. III, § 12].

On September 27, 2001, PL 12-65, which contained the “Commonwealth Auditing Amendments Act of 2001,” was enacted. With respect to PL 12-65, see the comment to 1 CMC § 2305.