

Reports on Compliance and Internal Control

Commonwealth of the Northern Mariana Islands

Year Ended September 30, 2021



Commonwealth of the Northern Mariana Islands

Reports on Compliance and Internal Control

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Arnold I. Palacios
Governor
Commonwealth of the Northern Mariana Islands

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the aggregate discretely presented component units, the Department of Public Lands major fund, and the aggregate remaining fund information of the Commonwealth of the Northern Mariana Islands (CNMI) as of and for the year ended September 30, 2021, and the related notes to the financial statements. We were also engaged to audit the financial statements of the governmental activities, and each of the remaining major funds. These financial statements collectively comprise the CNMI's basic financial statements and have issued our report thereon dated August 15, 2024. Our report stated that the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements of the governmental activities, the General Fund, the Grants Assistance Governmental Fund, the ARPA Governmental Fund and the Saipan Amusement Governmental Fund, due to the inability to obtain sufficient appropriate audit evidence for the balance and financial activity of advances, general receivables, other liabilities and accruals, other revenues and expenditures/expenses and due to the CNMI not recording pension expense and a related net pension asset or liability, deferred inflows of resources and deferred outflows of resources as of and for the year ended September 30, 2021 as required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; the lack of adoption of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Our report also contains adverse opinions due to the financial statements of the Commonwealth Healthcare Corporation, the Northern Marianas Housing Corporation and the Northern Mariana Islands Retirement Fund not being included in the financial statements, and includes explanatory paragraphs concerning noncompliance with Interim Pension Obligation Bond Covenants, the correction of errors, going concern and the impact of COVID-19.

Our report includes a reference to other auditors who audited the financial statements of the Department of Public Lands major fund, the Commonwealth Economic Development Authority, the Commonwealth Ports Authority, the Commonwealth Utilities Corporation, the Marianas Public Land Trust, the Marianas Visitors Authority and the Northern Marianas College. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the Commonwealth of the Northern Mariana Islands Public School System, which were audited by us. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the entity that was audited by us. Other auditors issued separate reports on their consideration of internal control over financial reporting and their tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the Commonwealth Economic Development Authority, the Commonwealth Ports Authority, the Commonwealth Utilities Corporation, the Marianas Public Land Trust, the Marianas Visitors Authority and the Northern Marianas College. The findings, if any, included in those reports are not included herein.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CNMI's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CNMI's internal control. Accordingly, we do not express an opinion on the effectiveness of CNMI's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 through 2021-003, 2021-006 through 2021-008, 2021-011 and 2021-026 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004, 2021-005, 2021-009 and 2021-010 to be significant deficiencies.

Report on Compliance and Other Matters

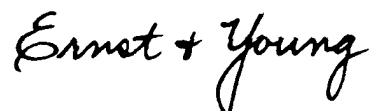
As part of obtaining reasonable assurance about whether CNMI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-010 and 2021-026.

CNMI's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on CNMI's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. CNMI's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Ernst + Young, featuring the company name in a stylized, handwritten-style script.

August 15, 2024



Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Arnold I. Palacios
Governor
Commonwealth of the Northern Mariana Islands

Report on Compliance for Each Major Federal Program

We have audited the Commonwealth of the Northern Mariana Islands' (CNMI's) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the CNMI's major federal programs for the year ended September 30, 2021. The CNMI's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

CNMI's basic financial statements include the operations of the Commonwealth Economic Development Authority (CEDA), Commonwealth Ports Authority (CPA), Commonwealth Utilities Corporation (CUC), Northern Marianas College (NMC) and Public School System (PSS), which expended in federal awards which are not included in the CNMI's Schedule of Expenditures of Federal Awards during the year ended September 30, 2021. Our audit, described below, did not include the operations of CEDA, CPA, CUC, NMC and PSS because separate audits were conducted or being conducted in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the CNMI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the CNMI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination CNMI’s compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in Findings 2021-014 through 2021-018, 2021-020, 2021-022 through 2021-024, 2021-026, 2021-028, 2021-031 through 2021-033, 2021-035 through 2021-038 and 2021-040 through 2021-042 in the accompanying Schedule of Findings and Questioned Costs, CNMI did not comply with the requirements regarding the following:

Finding #	Assistance Listing #	Program or Cluster Name	Compliance Requirement
2021-014	10.539	CNMI Nutrition Assistance	Special Tests and Provisions – NAP Coupon Reconciliation
2021-015	10.542	Pandemic EBT Food Benefits	Eligibility
2021-016	10.551/561	SNAP Cluster	Special Tests and Provisions – ADP System
2021-014	10.551/561	SNAP Cluster	Special Tests and Provisions – EBT Reconciliation
2021-017	15.875	Economic, Social, and Political Development of the Territories	Allowable Costs/Cost Principles
2021-018	15.875	Economic, Social, and Political Development of the Territories	Equipment and Real Property Management
2021-020	15.875	Economic, Social, and Political Development of the Territories	Procurement and Suspension and Debarment
2021-022	15.875	Economic, Social, and Political Development of the Territories	Subrecipient Monitoring
2021-023	15.875	Economic, Social, and Political Development of the Territories	Special Tests and Provisions – Grants Terms and Conditions
2021-024	17.225	Unemployment Insurance	Eligibility
2021-026	21.019	Coronavirus Relief Fund	Allowable Costs/Cost Principles
2021-028	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-031	21.027	Coronavirus State and Local Fiscal Recovery Funds	Allowable Costs/Cost Principles
2021-032	21.027	Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment
2021-033	21.027	Coronavirus State and Local Fiscal Recovery Funds	Subrecipient Monitoring
2021-035	93.489/575/596	CCDF Cluster	Special Tests and Provisions – Health and Safety
2021-036	93.778	Medical Assistance Program	Special Tests and Provisions – ADP Risk Analysis and System Security Review
2021-037	97.030	Community Disaster Loans	Procurement and Suspension and Debarment
2021-038	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Matching, Level of Effort, Earmarking
2021-040	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Allowable Costs/Cost Principles

2021-041	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Eligibility
2021-042	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Reporting

Compliance with such requirements is necessary, in our opinion, for CNMI to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the CNMI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the following major programs for the year ended September 30, 2021:

ALN	Program (or Cluster) Name
10.539	CNMI Nutrition Assistance
10.542	Pandemic EBT Food Benefits
10.551/10.561	SNAP Cluster
15.875	Economic, Social, and Political Development of the Territories
17.225	Unemployment Insurance
21.019	Coronavirus Relief Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.489/93.575	CCDF Cluster
93.778	Medical Assistance Program
97.030	Community Disaster Loans
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the CNMI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs that are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-012, 2021-013, 2021-019, 2021-021, 2021-025, 2021-027, 2021-029, 2021-030, 2021-034 and 2021-039. Our opinion on each major federal program is not modified with respect to these matters.

The CNMI's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The CNMI's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The CNMI is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The CNMI's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of the CNMI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the CNMI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CNMI's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-014 through 2021-018, 2021-020, 2021-022 through 2021-024, 2021-026, 2021-028, 2021-031 through 2021-033, 2021-035 through 2021-038, and 2021-040 through 2021-042 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-012, 2021-013, 2021-019, 2021-021, 2021-025, 2021-027, 2021-029, 2021-030, 2021-034 and 2021-039 to be significant deficiencies.

The CNMI's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The CNMI's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The CNMI is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The CNMI's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the aggregate discretely presented component units, the Department of Public Lands major fund, and the aggregate remaining fund information of the CNMI as of and for the year ended September 30, 2021, and the related notes to the financial statements.

We were also engaged to audit the financial statements of the governmental activities, and each of the remaining major funds, which collectively comprise the CNMI's basic financial statements. We issued our report thereon dated August 15, 2024, which contained explanatory paragraphs concerning noncompliance with Interim Pension Obligation Bond Covenants, the correction of errors, going concern and the impact of COVID-19, which states that the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements of the governmental activities, the General Fund, the Grants Assistance Governmental Fund, the ARPA Governmental Fund and the Saipan Amusement Governmental Fund, due to the inability to obtain sufficient appropriate audit evidence for the balance and financial activity of advances, general receivables, other liabilities and accruals, other revenues and expenditures/expenses and due to the CNMI not recording pension expense and a related net pension asset or liability, deferred inflows of resources and deferred outflows of resources as of and for the year ended September 30, 2021 as required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; the lack of adoption of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* and also contains adverse opinions due to the financial statements of the Commonwealth Healthcare Corporation, the Northern Marianas Housing Corporation and the Northern Mariana Islands Retirement Fund not being included in the financial statements. Our audit of the aggregate

discretely presented component units, the Department of Public Lands major fund, and the aggregate remaining fund information was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Because of the significance of the matters discussed above, it is inappropriate to, and we do not, express an opinion on the Schedule of Expenditures of Federal Awards.

Ernst + Young

August 15, 2024

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards by Grantor

Year Ended September 30, 2021

<u>Federal Grantor</u>	Passed Through to Subrecipients	Federal Expenditures
U.S. Department Of Agriculture	\$ -	\$ 35,244,269
U.S. Department Of Commerce	-	3,394,799
U.S. Department Of Defense	-	2,573,620
U.S. Department Of The Interior	2,586,891	14,907,936
U.S. Department Of Justice	465,388	2,158,915
U.S. Department Of Labor	-	132,344,740
U.S. Department Of Transportation	-	5,528,569
U.S. Department Of Treasury	17,268,653	96,557,013
U.S. National Endowment for the Arts	-	24,399
U.S. National Endowment For The Humanities	-	34,242
U.S. Institute Of Museum and Library Services	-	120,692
U.S. Small Business Administration	-	85,803
U.S. Department Of Veterans Affairs	-	1,668,164
U.S. Environmental Protection Agency	-	2,730,999
U.S. Department Of Energy	-	544,244
U.S. Department Of Education	-	1,112,645
U.S. Election Assistance Commission	-	768,969
U.S. Department Of Health And Human Services	-	88,459,092
U.S. Department Of Homeland Security	<u>45,326,868</u>	<u>154,528,747</u>
<i>TOTAL FEDERAL GRANTS FUND</i>	<u>65,647,800</u>	<u>542,787,857</u>
<i>TOTAL EXPENDITURES OF FEDERAL AWARDS</i>	<u>\$ 65,647,800</u>	<u>\$ 542,787,857</u>

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
10.025	Plant and Animal Disease, Pest Control, and Animal Care		\$ 5,049
10.170	Specialty Crop Block Grant Program - Farm Bill		78,903
10.179	Micro-Grants for Food Security Program		147
10.539	CNMI Nutrition Assistance		12,122,316
10.539	COVID-19 CNMI Nutrition Assistance		14,000,000
10.542	Pandemic EBT Food Benefits		<u>5,140,231</u>
			31,346,646
SNAP Cluster:			
10.551	Supplemental Nutrition Assistance Program		75,637
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		<u>3,309,051</u>
	Subtotal SNAP Cluster		3,384,688
10.649	Pandemic EBT Administrative Costs		239,859
10.664	Cooperative Forestry Assistance		143,503
10.680	Forest Health Protection		24,576
Community Facilities Loans and Grants Cluster:			
10.766	Community Facilities Loans and Grants		<u>104,997</u>
	Subtotal Community Facilities Loans and Grants Cluster		<u>104,997</u>
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>\$ 35,244,269</u>
U.S. DEPARTMENT OF COMMERCE			
11.U01	Joint Enforcement Agreement (JEA)		\$ 29,826
11.U02	USDOC unknown		7,719
11.016	Statistical, Research, and Methodology Assistance		<u>1,240,230</u>
			1,277,775
Economic Development Cluster:			
11.307	Economic Adjustment Assistance		<u>94,707</u>
	Subtotal Economic Development Cluster		94,707
11.407	Interjurisdictional Fisheries Act of 1986		15,800
11.419	Coastal Zone Management Administration Awards		1,347,110
11.437	Pacific Fisheries Data Program		95,986
11.454	Unallied Management Projects		25,037
11.467	Meteorologic and Hydrologic Modernization Development		64,198
11.472	Unallied Science Program		111,511
11.482	Coral Reef Conservation Program		297,572
11.549	State and Local Implementation Grant Program		<u>65,103</u>
	TOTAL U.S. DEPARTMENT OF COMMERCE		<u>\$ 3,394,799</u>
U.S. DEPARTMENT OF THE DEFENSE			
12.002	Procurement Technical Assistance For Business Firms		\$ 184,985
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		4,791
12.617	Economic Adjustment Assistance for State Governments		<u>2,383,844</u>
	TOTAL U.S. DEPARTMENT OF DEFENSE		<u>\$ 2,573,620</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Fish and Wildlife Cluster:			
15.605	Sport Fish Restoration		\$ 1,326,491
15.611	Wildlife Restoration and Basic Hunter Education		927,077
	Subtotal Fish and Wildlife Cluster		<u>2,253,568</u>
15.615	Cooperative Endangered Species Conservation Fund		428,349
15.634	State Wildlife Grants		162,939
15.663	NFWF-USFWS Conservation Partnership		86,002
15.904	Historic Preservation Fund Grants-In-Aid		163,122
15.916	Outdoor Recreation Acquisition, Development and Planning		32,030
15.954	National Park Service Conservation, Protection, Outreach, and Education (B)		24,461
Economic, Social, and Political Development of the Territories			
15.875	Development of TTPI Islands		3,148,347
15.875	COVID-19 Development of TTPI Islands		2,609,244
15.875	Compact Impact	\$ 970,384	1,873,263
		970,384	<u>7,630,854</u>
15.875	04052 FY96-FY02 DOI CIP Projects		261,832
15.875	04058 FY2004 DOI CIP Projects	1,616,507	3,864,779
	TOTAL CAPITAL PROJECTS FUND	<u>1,616,507</u>	<u>4,126,611</u>
	TOTAL U.S. DEPARTMENT OF THE INTERIOR	<u>\$ 2,586,891</u>	<u>\$ 14,907,936</u>
U.S. DEPARTMENT OF JUSTICE			
16.017	Sexual Assault Services Formula Program	\$ 37,893	\$ 39,063
16.034	Coronavirus Emergency Supplemental Funding Program		682,825
16.575	Crime Victim Assistance	241,008	402,641
	CHJ7575C '19 CJPA VICT FOR CRME.9/3		(2,960)
16.585	Drug Court Discretionary Grant Program		10,004
16.588	Violence Against Women Formula Grants	180,935	588,272
16.710	Public Safety Partnership and Community Policing Grants		158,140
16.738	Edward Byrne Memorial Justice Assistance Grant Program	5,552	142,873
16.750	Support for Adam Walsh Act Implementation Grant Program	-	138,057
	TOTAL U.S. DEPARTMENT OF JUSTICE	<u>\$ 465,388</u>	<u>\$ 2,158,915</u>
U.S. DEPARTMENT OF LABOR			
WIOA Cluster:			
17.258	WIOA Adult Program		\$ 164,131
17.259	WIOA Youth Activities		220,884
17.278	WIOA Dislocated Worker Formula Grants		115,236
	Subtotal WIOA Cluster		<u>500,251</u>
17.225	Unemployment Insurance		1,833,644
17.225	COVID-19 Unemployment Insurance		128,257,610
17.235	Senior Community Service Employment Program		264,350
17.273	Temporary Labor Certification for Foreign Workers		49,847
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		1,107,652
17.285	Apprenticeship USA Grants		71,713
17.504	Consultation Agreements		251,520
17.600	Mine Health and Safety Grants		8,153
	TOTAL U.S. DEPARTMENT OF LABOR		<u>\$ 132,344,740</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster:			
20.205	Highway Planning and Construction		\$ 1,976,157
	Subtotal Highway Planning and Construction Cluster		1,976,157
FMCSA Cluster:			
20.218	Motor Carrier Safety Assistance		271,490
	Subtotal FMCSA Cluster		271,490
Federal Transit Cluster:			
20.500	Federal Transit Capital Investment Grants		710,984
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs		472,931
	Subtotal Federal Transit Cluster		1,183,915
20.509	Formula Grants for Rural Areas and Tribal Transit Program		1,399,776
20.514	Public Transportation Research, Technical Assistance, and Training		5,956
Highway Safety Cluster:			
20.600	State and Community Highway Safety		689,234
	Subtotal Highway Safety Cluster		689,234
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		2,041
	TOTAL U.S. DEPARTMENT OF TRANSPORTATION		\$ 5,528,569
U.S. DEPARTMENT OF THE TREASURY			
21.019	COVID-19 Coronavirus Relief Fund	\$ 5,097,158	\$ 25,070,030
21.023	COVID-19 Emergency Rental Assistance Program	-	4,148,652
21.027	COVID-19 Coronavirus State And Local Fiscal Recovery Funds (ARPA)	11,421,495	67,338,331
	TOTAL U.S. DEPARTMENT OF THE TREASURY	\$ 16,518,653	\$ 96,557,013
U.S. NATIONAL ENDOWMENT FOR THE ARTS			
45.025	Promotion of the Arts Partnership Agreements		\$ 24,399
	TOTAL U.S. NATIONAL ENDOWMENT FOR THE ARTS		\$ 24,399
U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES			
45.129	COVID-19 Promotion of the Humanities Federal/State Partnership		\$ 34,242
	TOTAL U.S. NATIONAL ENDOWMENT FOR THE HUMANITIES		\$ 34,242
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
45.310	Grants to States		\$ 120,692
	U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES		\$ 120,692
U.S. SMALL BUSINESS ADMINISTRATION			
59.037	Small Business Development Centers		\$ 6,134
59.061	State Trade Expansion		79,669
	TOTAL U.S. SMALL BUSINESS ADMINISTRATION		\$ 85,803
U.S. DEPARTMENT OF VETERANS AFFAIRS			
64.203	Veterans Cemetery Grants Program		\$ 1,668,164
	TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS		\$ 1,668,164

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipients	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
66.040	Diesel Emissions Reduction Act (DERA) State Grants		\$ 64,655
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support		2,394,598
66.801	Hazardous Waste Management State Program Support		271,746
	TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		\$ 2,730,999
U.S. DEPARTMENT OF ENERGY			
81.041	State Energy Program		\$ 306,658
81.042	Weatherization Assistance for Low-Income Persons		237,586
	TOTAL U.S. DEPARTMENT OF ENERGY		\$ 544,244
U.S. DEPARTMENT OF EDUCATION			
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		\$ 1,056,357
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		56,288
	TOTAL U.S. DEPARTMENT OF EDUCATION		\$ 1,112,645
U.S. ELECTION ASSISTANCE COMMISSION			
90.404	2018 HAVA Election Security Grants		\$ 768,969
	TOTAL U.S. ELECTION ASSISTANCE COMMISSION		\$ 768,969
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Aging Cluster:			
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		\$ 305,637
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		11,980
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		435,053
93.053	Nutrition Services Incentive Program		29,791
	Subtotal Aging Cluster		782,461
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		5,350
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		17,609
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		21,482
93.048	COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		257,565
93.052	National Family Caregiver Support, Title III, Part E		120,096
93.127	Emergency Medical Services for Children		45,368
93.369	ACL Independent Living State Grants		33,059
93.434	Every Student Succeeds Act/Preschool Development Grants		1,794,537
93.464	ACL Assistive Technology		110,282
93.556	MaryLee Allen Promoting Safe and Stable Families Program		237,486
93.568	Low-Income Home Energy Assistance		411,238
93.569	Community Services Block Grant		923,045
93.569	COVID-19 Community Services Block Grant		174,616
CCDF Cluster:			
93.489	Child Care Disaster Relief		323,887
93.575	Child Care and Development Block Grant		4,479,366
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		1,510,770
	Subtotal CCDF Cluster		6,314,023

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipients	Federal Expenditures
93.590	Community-Based Child Abuse Prevention Grants		186,057
93.612	Native American Programs		7,951
93.630	Developmental Disabilities Basic Support and Advocacy Grants		330,830
93.643	Children's Justice Grants to States		48,685
93.645	Stephanie Tubbs Jones Child Welfare Services Program		199,911
93.645	COVID-19 Stephanie Tubbs Jones Child Welfare Services Program		7,457
93.667	Social Services Block Grant		45,906
93.669	Child Abuse and Neglect State Grants		33,144
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		127,041
93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		43,594
93.747	Elder Abuse Prevention Interventions Program		19,666
93.767	Children's Health Insurance Program		10,913,873
	Medicaid Cluster:		
93.778	Medical Assistance Program		65,246,760
	Subtotal Medicaid Cluster		<u>65,246,760</u>
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$ 88,459,092</u>
	U.S. DEPARTMENT OF HOMELAND SECURITY		
97.U00	USDHS Unknown		\$ 1,718,293
97.012	Boating Safety Financial Assistance		792,755
97.030	Community Disaster Loans		93,734,930
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	\$ 14,892,060	18,281,344
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	30,434,808	30,434,808
97.039	Hazard Mitigation Grant		2,644,516
97.042	Emergency Management Performance Grants		889,263
97.042	COVID-19 Emergency Management Performance Grants		12,049
97.047	BRIC: Building Resilient Infrastructure and Communities		1,699
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		5,461,547
97.067	Homeland Security Grant Program	-	557,543
	TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY	<u>\$ 45,326,868</u>	<u>\$ 154,528,747</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS	<u>\$ 64,897,800</u>	<u>\$ 542,787,857</u>

Commonwealth of the Northern Mariana Islands

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

1. Scope of Audit

The Commonwealth of the Northern Mariana Islands (CNMI) is a governmental entity governed by its own Constitution. All significant operations of the CNMI are included in the scope of the Single Audit. The U.S. Department of the Interior has been designated as the CNMI's cognizant agency for the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the CNMI under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the CNMI, it is not intended to and does not present the financial position or changes in financial position of the CNMI.

3. Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. All expenditures and capital outlays are reported as expenditures. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of operations to amounts reported as expenditures in prior years.

Reporting Entity

The CNMI, for purposes of the financial statements, includes all of the funds of the primary government as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, the CNMI's reporting entity is defined in Note 1A to its September 30, 2021 basic financial statements; except that the Northern Mariana Islands Retirement Fund and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by the CNMI, as defined above, for the year ended September 30, 2021.

Commonwealth of the Northern Mariana Islands

Notes to Schedule of Expenditures of Federal Awards, continued

3. Summary of Significant Accounting Policies, Continued

Reporting Entity, continued

Federal award totals for the excluded departments and component units as of September 30, 2021, are as follows:

<u>Agency or Component Unit</u>	<u>Federal Award Total</u>
Commonwealth Ports Authority	\$ 16,855,184
Commonwealth Utilities Corporation	\$ 13,152,028
Northern Marianas College	\$ 16,388,581
Public School System	\$ 80,536,457

Amounts Passed-Through to Subrecipients

The Schedule of Expenditures of Federal Awards includes amounts passed through to subrecipients during the year which were identified for each program; however, the Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subrecipients, outside of the CNMI's control, utilized the funds. The CNMI is considered to have responsibility for any questioned costs which could result from Single Audits of these entities.

Indirect Cost Allocation

The CNMI did not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance. For fiscal year 2021, the CNMI has the following approved indirect cost rates:

Programs which directly charged utilities	9.23%
Programs not directly charging utilities	32.00%

Matching Costs

The non-Federal shares of programs are not included in the accompanying Schedule of Expenditures of Federal Awards.

Economic Impact Payments

The Economic Impact Payment program funding received by the CNMI is determined to not be a federal grant program and is therefore not include in the Schedule of Expenditures of Federal Awards. These three Covid-19 related laws (CARES Act of 2020, P.L. 116-136, CRTRA of 2020 (P.L. 116-260), and ARPA of 2021 (P.L 117-2)) include the requirement that US Treasury pay amounts equal to the loss to the mirror territories.

Commonwealth of the Northern Mariana Islands

Notes to Schedule of Expenditures of Federal Awards, continued

3. Summary of Significant Accounting Policies, Continued

ALN 15.875

ALN 15.875 represents the Office of Insular Affairs (OIA), U.S. Department of the Interior. Funding from this source is subject to varying rules and regulations since OIA administers the Agreement of the special Representatives on the Future United States Financial Assistance for the Northern Marianas Islands, which is an agreement and not a federal program. Additionally, each funding component of the agreement is governed by varying rules and regulations, depending on the reason for the designated aid. To maximize audit coverage of OIA funding, the OIG has recommended that programs administered under ALN 15.875 be grouped by like compliance requirements and such groupings be separately evaluated for purposes of major program determinations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Disclaimer and Adverse

Internal control over financial reporting:

Material weakness(es) identified?

X **Yes** **No**

Significant deficiency(ies) identified?

X **Yes** **None reported**

Noncompliance material to financial statements noted?

X **Yes** **No**

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

X **Yes** **No**

Significant deficiency(ies) identified?

X **Yes** **None reported**

Type of auditor's report issued on compliance for major federal programs:

Emergency Rental Assistance Program	Unmodified
Children's Health Insurance Program	Unmodified
All other major federal programs	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X **Yes** **No**

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Identification of major federal programs:

Assistance Listing

<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.539	CNMI Nutrition Assistance
10.542	Pandemic EBT Food Benefits
	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
15.875	Economic, Social, and Political Development of the Territories
17.225	Unemployment Insurance
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State And Local Fiscal Recovery Funds
	CCDF (Child Care and Development Fund) Cluster:
93.489	Child Care Disaster Relief
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the CCDF
93.767	Children's Health Insurance Program
93.778	Medical Assistance Program
97.030	Community Disaster Loans
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

Dollar threshold used to distinguish between Type A and Type B Programs:

\$3,000,000

Auditee qualified as low-risk auditee?

No

Section II - Financial Statement Findings

Reference Number	Findings
2021-001	General Ledger and Financial Statement Close Process
2021-002	Schedule of Expenditures of Federal Awards
2021-003	Cash and Cash Equivalents
2021-004	CNMI Workers' Compensation Commission
2021-005	Net Pension Liability
2021-006	External Financial Reporting
2021-007	Interfund Transactions and Balances
2021-008	Beginning Fund Balances
2021-009	Capital Assets

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Section II - Financial Statement Findings, continued

Reference Number	Findings
2021-010	CNMI Local Noncompliance
2021-011	Due to Component Units

Section III - Federal Award Findings and Questioned Costs

Reference Number	ALN	Findings	Questioned Costs
2021-012	10.539	Allowable Costs/Cost Principles	\$ 1,620
2021-013	10.539	Procurement and Suspension and Debarment	97,850
2021-014	10.539	Special Tests and Provisions – NAP Coupon Reconciliation	3,375,452
2021-015	10.542	Eligibility	151,626
2021-016	10.551 10.561	Special Tests and Provisions – ADP System for SNAP	1,421
2021-014	10.551 10.561	Special Tests and Provisions – EBT Reconciliation	442,933
2021-017	15.875	Allowable Costs/Cost Principles	402,941
2021-018	15.875	Equipment and Real Property Management	-0-
2021-019	15.875	Matching, Level of Effort, Earmarking	7,488
2021-020	15.875	Procurement and Suspension and Debarment	1,240,465
2021-021	15.875	Reporting	1,165
2021-022	15.875	Subrecipient Monitoring	-0-
2021-023	15.875	Special Tests and Provisions – Grant Terms and Conditions	-0-
2021-024	17.225	Eligibility	1,131,117
2021-025	17.225	Special Tests and Provisions – UI Program Integrity – Overpayments	-0-
2021-026	21.019	Allowable Costs/Cost Principles	20,341,913
2021-027	21.019	Reporting	-0-
2021-028	21.019	Subrecipient Monitoring	59,158
2021-029	21.023	Eligibility	4,252
2021-030	21.023	Reporting	-0-
2021-031	21.027	Allowable Costs/Cost Principles	1,035,442
2021-032	21.027	Procurement and Suspension and Debarment	2,775,965
2021-033	21.027	Subrecipient Monitoring	-0-
2021-034	93.489 93.575 93.596	Eligibility	39,200
2021-035	93.489 93.575 93.596	Special Tests and Provision – Health and Safety Requirements	1,303,790

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Section III - Federal Award Findings and Questioned Costs, continued

Reference Number	ALN	Findings	Questioned Costs
2021-036	93.778	Special Tests and Provisions – ADP Risk Analysis and System Security Review	-0-
2021-037	97.030	Procurement and Suspension and Debarment	18,353,963
2021-038	97.036	Matching, Level of Effort, Earmarking	944,661
2021-039	97.036	Reporting	-0-
2021-040	97.050	Allowable Costs/Cost Principles	247,774
2021-041	97.050	Eligibility	2,430
2021-042	97.050	Reporting	-0-
		Total	\$51,962,626

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-001

Area: General Ledger and Financial Statement Close Process

Criteria:

GASB Codification 1200 states that adherence to generally accepted accounting principles (GAAP) is essential to assuring a reasonable degree of comparability among the financial reports of state and local governmental units. Governmental accounting systems thus must provide data that permit reporting on the financial status and operations of a government in conformity with GAAP.

The CNMI historically records only federal assistance grant funding in the Grants Assistance Fund.

Condition:

1. The following general ledger account balances did not agree with their subsidiary ledger balances and management did not make any adjustments to correct for these errors.

- Cash
- Receivables, net of allowance for uncollectible accounts
- Due to/from component units and interfund settlements
- Capital assets
- Other assets – inventories
- Payables
- Net pension liability
- Revenues
- Operating expenses

2. Investments, and bonds payable are significantly understated. Material audit adjustments were proposed to correct these misstatements.

3. The following accounts reported ending September 30, 2021 balances that are the same balances as of September 30, 2020 for the CNMI primary government:

• Due from fiduciary funds	\$ 2,482,929
• Inventories	804,343
• Other assets	2,500,000
• Claims and judgments payable	2,525,311
• Loans payable under settlement agreement	1,303,939
• Recovery rebates payable	1,628,802
• Health and life insurance payable	1,684,802

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-001, continued

Area: General Ledger and Financial Statement Close Process, continued

Condition, continued:

4. The CNMI erroneously recorded FY2021 Economic Impact Payment (EIP) transactions determined by the U.S. Department of Treasury as not grants related in the Grants Assistance Fund instead of the General Fund amounting to \$88,738,864.

Cause:

The CNMI did not perform a combination of the following: (1) reconciliations, (2) proper cut-off procedures, (3) effective communications among departments, and (4) sufficient supervision and reviews relative to significant classes of transactions.

Effect:

Material errors over the financial statement may occur, resulting into a disclaimer of opinion being issued for the following accounts:

- Cash
- Receivables, net of allowance for uncollectible accounts
- Due to/from component units and interfund settlements
- Capital assets
- Other assets – inventories
- Payables
- Net pension liability
- Revenues
- Operating expenses

Recommendation:

The CNMI should improve controls to ensure all transactions, including non-cash transactions, are recorded in the proper accounting period.

Views of Responsible Officials:

The CNMI's Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-002

Area: Schedule of Expenditures of Federal Awards

Criteria:

In accordance with applicable federal regulations, the Auditee shall prepare a Schedule of Expenditures of Federal Awards (SEFA) which must include the total federal awards expended for the period covered by the auditee's financial statements.

Nonfederal entities that receive federal awards are required to separately identify COVID-19 expenditures on the SEFA and Data Collection Form (DCF) that is submitted to the Federal Clearinghouse.

Condition:

1. The CNMI submitted and revised the SEFA numerous times, which delayed the identification of major programs.
2. The initial SEFA provided to the audit team had inconsistencies in presentation such as incorrect Assistance Listing Numbers (ALN) and grantor agencies.
3. The final SEFA provided had an unreconciled difference of \$996,054 (\$854,509 for the Grants Assistance Fund and \$141,545 for the ARPA Fund). Management did not consider the unreconciled difference sufficiently material to the financial statements to warrant an adjustment.
4. The CNMI did not separately identify COVID-19 and non-COVID-19 expenditures for fiscal year 2021.
5. Tests of the general ledger expenditure details for ALN 15.875 noted that business unit 5122 amounting to \$261,832, pertains to locally funded transactions which should not have been charged to the program. This resulted to an overstatement of \$261,832 in the SEFA. In addition, the \$5,513,203 expenditures reported in the SF 425 report for ALN 97.050, for the period ended 09/27/21, differs from the \$5,461,547 expenditures reported in the SEFA. The variance of \$51,656 pertains to overdrawn of program funds, resulting to an understatement in the SEFA. However, management did not consider the net overstatement of \$210,176 sufficiently material to the financial statements to warrant an adjustment.

Cause:

The CNMI did not effectively perform controls over the preparation of the SEFA and monitoring over program expenditures.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-002, continued

Area: Schedule of Expenditures of Federal Awards

Effect:

The CNMI is in noncompliance with federal SEFA requirements and the SEFA is overstated by \$210,176. Any interim reporting may contain materially misstated information and may also affect major program determinations.

Identification as a Repeat Finding: Finding No. 2020-022

Recommendation:

The CNMI should improve controls to help ensure the SEFA is prepared accurately and completely. Any cut-off procedures performed for the financial statements must also cover the SEFA. Further, the CNMI should implement monitoring control procedures over the recordation of local and federal expenditures.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-003

Area: Cash and Cash Equivalents

Criteria:

Bank reconciliations should be timely performed, and reconciling items should be timely adjusted.

Condition:

Tests of bank reconciliations noted the following:

1. As of September 30, 2021, the CNMI did not prepare a bank reconciliation for six cash accounts. An audit adjustment was proposed to correct bank code 11626 totaling \$2,133,137. Management did not consider the amount for the remaining accounts sufficiently material to the financial statements to warrant an adjustment.

Bank Code	Account Name	Bank Balance	Book Balance	Variance
11171	TDOA Medical Referral	\$ 47,804	\$ 245,278	\$ (197,474)
11601	COVID-19 Account	\$ 1,070	\$ (138,138)	\$ 139,208
11629	NMIRF – Mortgage	\$ 2,472,835	\$ 339,698	\$ 2,133,137
11640	NMTIT TDOA	\$ 128,775	\$ 118,549	\$ 10,226
11991	Medical Professional Licensing Board	\$ 357	\$ 9,644	\$ (9,287)

2. The audit team was not able to verify the validity of the following accounts as the bank confirmation or bank statement was not provided.

Bank Code	Account Name	Bank Statement Date	Book Balance
11140	Washington Rep. Imprest Fund - Chase	09/30/2009	\$ 4,290
11221	BOG Judiciary Legal Service	Not Provided	\$ (3,511)
11340	Typhoon Soudelor Account	Not Provided	\$ 11,847
11541	CNMI Agricultural Fair Association	Not Provided	\$ 2
11576	Census 2020 Account	Not Provided	\$ 500

3. As of September 30, 2021, the CNMI recorded negative cash account of \$1,726,226 (bank code 11400). An audit adjustment was proposed to correct \$3,116,406. Management did not consider the amount sufficiently material to the financial statements to warrant an adjustment.
4. As of September 30, 2021, the CNMI recorded cash clearing accounts of \$1,683,704. These accounts are expected to be zero at fiscal year-end. An audit adjustment was proposed to correct \$3,868,078 of the amount.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-003, continued

Area: Cash and Cash Equivalents

Condition, continued:

5. As of September 30, 2021, the CNMI recorded non-CNMI cash accounts of \$339,698 (bank account code 11629) and (\$395,676) (bank account code 11432). Management did not consider the amount sufficiently material to the financial statements to warrant an adjustment.
6. As of September 30, 2021, the CNMI recorded a net negative of \$192,731 of cash related to unidentified transactions. Management did not consider the amount sufficiently material to the financial statements to warrant an adjustment.

<u>Bank</u>		<u>Book</u>
<u>Code</u>	<u>Account Name</u>	<u>Balance</u>
11960	Unidentified P/Y	\$(519,722)
11980	Unidentified Re	<u>326,991</u>
		<u>\$(192,731)</u>

7. As of September 30, 2021, the CNMI recorded negative cash \$48,881,899 cash account (bank code 11431) related to an error in recording interfund settlements for health and life insurance payments. An audit adjustment was proposed to correct the amount.
8. As of September 30, 2021, the CNMI's general ledger balance for one cash account (bank code 11432) of \$(395,676) was not matching the Northern Mariana Islands Retirement Fund's (NMIRF) adjusted bank balance of \$79,890. An audit adjustment was proposed to correct the amount.

Cause:

The CNMI did not adhere to policies and procedures related to timely preparation of bank reconciliations, to update bank account authorized signatories, to assess negative cash accounts, and to reconcile cash clearing accounts for adjustment at fiscal year end.

Effect:

Cash balances could be materially misstated throughout the year. In addition, there is potential for losses due to unsupported cash in bank accounts.

Identification as a Repeat Finding: Finding No. 2020-002

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-003, continued

Area: Cash and Cash Equivalents

Recommendation:

The CNMI should adhere to established policies and procedures over the timely reconciliation and adjustment of bank and cash clearing accounts and over the updating of attendant authorized signatories.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-004

Area: CNMI Workers' Compensation Commission

Criteria:

Transfers of assets and liabilities from component units should be documented. In addition, an effective system of internal control over financial reporting includes maintenance of a separate general ledger system that records transactions and generates timely, reliable, and relevant financial information.

Condition:

On November 9, 2012, Public Law 17-88, transferred administrative functions of the CNMI Workers' Compensation Commission (WCC) from the Northern Mariana Islands Retirement Fund (NMIRF) to the CNMI Department of Commerce (DOC). CNMI management determined that WCC should be included within its Special Revenue Funds. As of September 30, 2021, transfers of WCC's cash and cash equivalents, certificates of deposit, investments and receivable accounts were not documented.

In addition, tests of WCC accounts noted that WCC maintains an investment with a market value of \$2,013,304 at September 30, 2021; however, an investment policy was not provided. In addition, fiscal year 2021 investment transactions were not recorded, reconciled, or monitored.

Cause:

The CNMI lacks coordination over the transfer of WCC accounts between NMIRF and the CNMI and lacks procedures over financial reporting.

Effect:

WCC's funds could be misstated.

Identification as a Repeat Finding: Finding No. 2020-019

Recommendation:

The CNMI should document transfers of WCC's assets and establish or assign separate general ledger accounts for WCC funds. Further, bank reconciliations should be prepared for all cash accounts. Lastly, CNMI should establish an investment policy.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-005

Area: Net Pension Liability

Criteria:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires the recognition of net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources, as applicable, to the financial statements. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*, which align the reporting requirements for pension and pension plans not covered in GASB 67 and 68 with the reporting requirements in Statement 68.

Condition:

1. The CNMI did not obtain an actuarial valuation of net pension liability as required by GASB Statement 68, as no measurement was performed applicable to fiscal year ending September 30, 2021. Accordingly, the CNMI was unable to record changes to the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources, as applicable, in the financial statements as of September 30, 2021.
2. The CNMI did not record the effects of GASB 73 related to the 25% payments of the class members full benefits, which has historically been paid consistently and appears to be substantially automatic.
3. The CNMI did not recognize deferred outflows of resources for its contributions during fiscal year 2021 for the annual 25% of the class members full benefits aggregating \$53,566,456. This was corrected through an audit adjustment.

Cause:

Actuarial valuations were not obtained.

Effect:

The CNMI is not in compliance with GASB Statements Nos. 68 and 73.

Identification as a Repeat Finding: Finding No. 2020-012

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-005, continued

Area: Net Pension Liability

Recommendation:

The CNMI should obtain actuarial valuations with a measurement date no earlier than the end of the prior fiscal year consistently applied from period to period.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-006

Area: External Financial Reporting

Criteria:

GASB Codification 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, requires the financial statements of the reporting entity to include financial statements of component units for which the primary government is financially accountable and for which exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Condition:

The CNMI's financial statements do not include the financial statements of the following component units:

1. Commonwealth Healthcare Corporation (CHCC)
2. Northern Marianas Housing Corporation (NMHC)
3. Northern Mariana Islands Retirement Fund (NMIRF)

Cause:

The CNMI did not obtain audited financial statements from aforementioned component units.

Effect:

The CNMI is not in compliance with GASB Codification 2600.

Identification as a Repeat Finding: Finding No. 2020-001

Recommendation:

The CNMI should obtain audited financial statements of the aforementioned component units for inclusion in the CNMI's financial statements.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-007

Area: Interfund Transactions and Balances

Criteria:

GASB Codification 1300.122 requires that interfund loans should be reported as interfund receivables in lender funds and interfund payables in borrower funds.

Condition:

Multiple post-closing client entries affecting interfund balances were identified, however, the final updated trial balance still reflected the following errors:

1. Reconciliation of interfund balances identified a net unreconciled difference of \$62,478,270 at September 30, 2021. This matter was corrected through a post-closing client adjustment.
2. Balances of transfers in and transfers out identified a net unreconciled difference of \$117,707,658 at September 30, 2021. This matter was corrected through a post-closing client adjustment.

Cause:

The CNMI did not apply monitoring controls over interfund transactions and balances and monitoring controls over transfers in and transfers out.

Effect:

Misstatements of expenditures and interfund balances and transactions could continue to be undetected and not resolved.

Identification as a Repeat Finding: Finding No. 2020-010

Recommendation:

The CNMI should conduct periodic reconciliation of interfund balances. Any differences should be resolved in a timely manner.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-008

Area: Beginning Fund Balances

Criteria:

Principles of internal control dictate that there should be control activities to ensure accounting transactions entered into the accounting system are reviewed and approved.

Condition:

Beginning fund balance for the following governmental funds did not agree with their ending balances as reported in the CNMI's fiscal year end September 30, 2020 audited financial statements:

	Beginning Balance October 1, 2020	Ending Balance September 30, 2020	Variance
General Fund	\$ (88,824,268)	\$ (129,587,719)	\$ 40,763,451
Grants Assistance Fund	(14,170,129)	5,746,286	(19,916,415)
Saipan Amusement Fund	(11,990,790)	(10,656,230)	(1,334,560)
Department of Public Lands	5,998,189	5,986,285	11,904
Other Governmental Funds	(11,991,974)	<u>26,079,757</u>	(38,071,731)
	\$ <u>(120,978,972)</u>	\$ <u>(102,431,621)</u>	\$ <u>(18,547,351)</u>

Cause:

The CNMI did not monitor accuracy of posting all prior year audit adjusting journal entries.

Effect:

A significant amount of time was incurred to reconcile the beginning governmental fund balances.

Identification as a Repeat Finding: Finding No. 2020-014

Recommendation:

Management should promptly record all audit adjusting journal entries into the proper governmental fund.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-009

Area: Capital Assets

Criteria:

GASB Codification 1400 requires capital assets be recorded at their correct costs, in the correct accounting period, and at the proper depreciation.

Condition:

The CNMI did not account for additions or deletions to the cost of capital assets during the year ending September 30, 2021.

Cause:

The CNMI lacks controls over its capitalization policy.

Effect:

The financial statements contain errors in regard to capital assets.

Recommendation:

The CNMI should account for additions and deletions to the cost of capital assets and accounts for any depreciation expenses recorded during the fiscal year end.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-010

Area: CNMI Local Noncompliance

Criteria:

On October 1, 2020, the CNMI passed Public Law 21-35 as the Appropriations and Budget Authority Act of 2021 (the Act) to make appropriations for the operations and activities of the CNMI, its agencies, instrumentalities, independent programs, and to provide budget authority for government corporations.

Budgets are a vital tool for establishing public policy and for maintaining control over the management of public resources.

Condition:

The following activity levels reported expenditures in excess of budget allocations for fiscal year ending September 30, 2021:

	Budgeted Level of Expenditures	Actual Expenditures	Over Expenditure
Executive Branch:			
Office of the Governor	\$ 3,391,601	\$ 3,915,785	\$ 524,184
Office of the Lt. Governor	\$ 419,942	\$ 430,601	\$ 10,659
Department of Commerce	\$ 1,077,609	\$ 1,178,265	\$ 100,656
Department of Community of Cultural Affairs	\$ 1,043,565	\$ 1,221,949	\$ 178,384
Department of Corrections	\$ 3,164,522	\$ 7,191,093	\$ 4,026,571
Department of Finance	\$ 1,490,947	\$ 3,167,423	\$ 1,676,476
Department of Fire and Emergency Medical Services	\$ 3,973,703	\$ 5,073,827	\$ 1,100,124
Department of Lands and Natural Resources	\$ 941,016	\$ 998,564	\$ 57,548
Department of Public Safety	\$ 5,660,535	\$ 12,512,034	\$ 6,851,499
Second Senatorial District – Tinian and Aguiguan	\$ 6,070,352	\$ 6,738,431	\$ 668,079
First Senatorial District – Rota	\$ 6,073,146	\$ 6,584,239	\$ 511,093
Office of the Attorney General	\$ 2,185,716	\$ 2,218,218	\$ 32,502
Boards and Commissions	\$ 963,162	\$ 1,142,213	\$ 179,051
Education (Payment to PSS, NMC, and Board of Education)	\$ 27,353,384	\$ 30,322,416	\$ 2,969,032
Health (Medicaid local expenses and medical referrals)	\$ 6,982,036	\$ 13,343,159	\$ 6,361,123
Health (Payment to CHCC)	\$ 86,660	\$ 1,094,123	\$ 1,007,463
Payments to CUC	\$ -	\$ 6,000,000	\$ 6,000,000
Judgments	\$ -	\$ 1,032,705	\$ 1,032,705
Disaster expenditures	\$ -	\$ 33,996,663	\$ 33,996,663
Debt service	\$ 6,939,500	\$ 6,941,500	\$ 2,000

Cause:

The CNMI authorized expenditures in excess of budget allocations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-010, continued

Area: CNMI Local Noncompliance

Effect:

Expenditures exceeded budget allocations.

Identification as a Repeat Finding: Finding No. 2020-021

Recommendation:

Responsible DOF personnel should review causes relating to the excess of expenditures over budgeted levels.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-011

Area: Due to Component Units

Criteria:

Amounts due to component units (CU) should be reconciled.

Condition:

There are differences between the CNMI's recorded amounts due to component units and the amounts recorded by component units as follows:

Component Unit	Amount per General Ledger	Amount Reported by the CU	Difference
MVA	\$ 6,595,120	\$ 1,419,354	\$ 5,175,166
CUC	\$ 5,578,317	\$ 1,784,360	\$ 3,793,957
PSS	\$ 6,907	\$ 92,000	\$ (85,093)
NMC	\$ 185,235	\$ 1,126,049	\$ (940,814)

Cause:

No timely reconciliations with component units were performed.

Effect:

There is a misstatement in amounts due to component units and related transfers.

Identification as a Repeat Finding: Finding No. 2020-009

Recommendation:

Timely reconciliations should be performed and differences should be resolved.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-012

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.539 CNMI Nutrition Assistance
 Federal Award No.: 7NM4004NM
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$1,620

Criteria:

In accordance with 2 CFR Part 200, Subpart E, cost must be necessary and reasonable for the performance of the federal award and be allocable thereto. Further costs must conform to any limitations or exclusions and be adequately documented.

Condition:

Of twenty-nine payroll items tested, aggregating \$46,339 of a total population of \$1.7M in total Program payroll expenditures, the following were noted:

1. For one (or 3%), no Notice of Personal Action (NOPA) form was provided to substantiate payroll costs.

Business Unit	Object Account	G/L Date	Document No.	Employee No.	PPE Date	Amount and Questioned Costs
A1551I	61090	09/30/21	343751	101249	09/30/21	\$ <u>922</u>

2. For three (or 10%), pay rates per approved NOPA forms do not agree to pay rates on the payroll registers for the following employees:

Business Unit	Document No.	G/L Date	Employee No.	PPE Date	Pay rates per approved NOPAs	Pay rates per Payroll Registers	Gross Pay per Payroll Registers	Gross Pay per Expectations	Variance and Questioned Costs
A1551E	13215	02/27/21	103261	02/27/21	\$21.21	\$22.27	\$1,782	\$1,697	\$ 85
A1551I	13274	03/27/21	794879	03/27/21	\$ 8.81	\$ 9.25	\$ 719	\$ 705	14
A1551L	13091	12/19/20	411933	12/19/20	\$13.67	\$14.36	\$1,148	\$1,094	54
									\$ <u>153</u>

3. For three (or 10%), total hours worked per approved timesheets do not agree to total hours per payroll registers. In addition, the pay rate of \$24.55 per the approved NOPA for Employee Number 246315 differs from the pay rate of \$23.38 per the payroll register.

Business Unit	Document No.	G/L Date	Employee No.	PPE Date	Total Hours per Timesheets	Total Hours per Payroll Registers	Gross Pay per Payroll Registers	Gross Pay per Audit Expectation	Variance and Questioned Costs
A1551E	13623	08/14/21	103262	08/14/21	169	169.25	\$3,589	\$3,584	\$ 5
A1551E	341808	08/26/21	246315	08/14/21	142	142.25	\$3,326	\$3,320	6
A1551H	13717	09/25/21	246315	09/25/21	78.25	105	\$2,455	\$1,921	534
									\$ <u>545</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-012, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 CNMI Nutrition Assistance
Federal Award No.: 7NM4004NM
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,620

Cause:

CNMI did not effectively enforce recordkeeping controls and perform monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$1,620 result as the projected questioned costs exceed the \$25,000 threshold.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 922
2	153
3	545
	<u>\$ 1,620</u>

Recommendation:

CNMI management should establish a recordkeeping system whereby underlying support is filed accordingly to substantiate costs and management should also strengthen monitoring controls over transactions to substantiate program costs in accordance with applicable allowable costs/cost principles.

Views of Responsible Officials:

Condition 1 – CNMI NAP disagrees with the finding. The following employee is not a NAP employee. When work is performed for NAP, the hours spent will be compensated but in a Journal entry procedure. This is a fund transfer from one account to another under the MOA.

Conditions 2 and 3 – CNMI NAP disagrees with the findings. The provided NOPAs and other payroll documents indicated the correct pay rate specified to the employees.

Auditor Response:

Condition 1 – Costs charged to the program should be adequately documented.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-012, continued

Federal Agency:	U.S. Department of Agriculture
AL Program:	10.539 CNMI Nutrition Assistance
Federal Award No.:	7NM4004NM
Area:	Allowable Costs/Cost Principles
Questioned Costs:	\$1,620

Auditor Response, continued:

Condition 2 – Pay rates on the approved NOPAs do not agree with the pay rates on the payroll registers.

Condition 3 – Hours worked per approved timesheets do not agree with the total hours on the payroll registers.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-013

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 CNMI Nutrition Assistance
Federal Award No.: 7NM4004NM
Area: Procurement and Suspension and Debarment
Questioned Costs: \$97,850

Criteria:

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200. CNMI's procurement regulations state the following:

- All government procurement shall be awarded by competitive sealed bidding except under certain circumstances permitting other than full and open competition.
- Bidding is not required but is encouraged for procurement of \$2,500 and under \$10,000. The individual with the expenditure authority must obtain price quotations from at least three vendors and should base the selection on competitive price and quality for procurement valued at \$2,500 to \$10,000. Any price quotations must be written, documented, and submitted to the Procurement and Supply (P&S) Director for approval.
- For purchases that exceed \$10,000 but which are less than or equal to \$50,000, a minimum of three vendors shall be solicited to submit written or electronic quotations. If there are fewer than three vendors, the expenditure authority shall certify, in writing, to the P&S Director that fewer than three vendors responded and shall provide written proof of the request.
- Based on Procurement Regulation 70-30.3-115(a), Contract Review, Processing, and Oversight, all contracts must first be prepared by the official with expenditure authority who shall certify that he has complied with the procurement regulations codified in this subchapter, and that the proposed contract is for a public purpose that does not constitute a waste or abuse of public funds. All contract documents are to be complete, including attachments and exhibits, if they are incorporated into the contract by reference.

Condition:

Of fifty nonpayroll expenditures tested, aggregating \$401,852 of a total population of \$756,436 in nonpayroll expenditures subject to procurement, the following were noted:

1. For one (or 2%), the bid summary was not on file (document no. 1624129, dated 02/24/21, amounting to \$35,990). Therefore, the CNMI was not able to substantiate the number of bids received and whether the procurement process for competitive sealed bids were properly followed, for which the amount is questioned.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-013, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.539 CNMI Nutrition Assistance
 Federal Award No.: 7NM4004NM
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$97,850

Condition, continued:

2. For one (or 2%), the Bid Opening Summary report was not provided (document no. 1562306, dated 10/09/2020, amounting to \$33,060) and no other documentations on file to substantiate that the selection was based on the lowest bidder.
3. For two (or 4%), expenditures were procured through sole source procurement methods. The written justification states that the CNMI NAP obtained quotations from two vendors. However, no documentation was provided to demonstrate efforts were made to contact and solicit from other vendors.

Business Unit	Object	GL Date	Document No.	Amount and Questioned Costs
A0551I	64560	10/01/20	1561366	\$ 21,600
A0551I	64560	10/01/20	1561369	<u>7,200</u>
				<u>\$ 28,800</u>

Cause:

CNMI did not enforce compliance with established regulations over procurement.

Effect:

CNMI is in noncompliance with applicable procurement regulations and questioned costs of \$97,850 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 35,990
2	33,060
3	<u>28,800</u>
	<u>\$ 97,850</u>

Identification as a Repeat Finding: Finding No. 2020-026

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-013, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 CNMI Nutrition Assistance
Federal Award No.: 7NM4004NM
Area: Procurement and Suspension and Debarment
Questioned Costs: \$97,850

Recommendation:

Responsible personnel should monitor and enforce compliance with applicable procurement requirements, including the review of procurement files for completeness as to written rationale for deviations from applicable procurement requirements. Further, responsible personnel should establish a recordkeeping system whereby underlying support is filed accordingly to substantiate compliance.

Views of responsible officials:

Condition 1 – The CNMI-NAP disagrees with the finding. This transaction was supposed to be processed in FY 2020 but because of the delay and completion date was done in FY 2021, a Change Order Contract No. 01 was processed, and the funds was carried over to FY 2021.

The bid summary was not necessary because a change order was processed changing the account from A0551E to A1551L per NAP email dated 1/11/21 (Pending Change Order Contract) - CNC 01/13/21 Change Order #1 to charge \$35,989.60 (Contract #707410-OC) to A1551L.64560 to extend the delivery period from thirty (30) days to ninety (90) days.

Condition 2 – CNMI NAP disagrees with the finding. The Nutrition Assistance Program did follow the proper procurement method by processing Invitation to Bid and obtained the lowest bidder and processed the contract with a notice to proceed.

Condition 3 – CNMI NAP disagrees with this finding. The CNMI NAP tried to obtain quotations to purchase perforator machines on island and there was none. However, the selected vendor submitted their price quotation stating that they are able to obtain the perforator machines from off-island and CNMI NAP can purchase from them.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-013, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 CNMI Nutrition Assistance
Federal Award No.: 7NM4004NM
Area: Procurement and Suspension and Debarment
Questioned Costs: \$97,850

Auditor Response:

Condition 1 – Although there was a change order from the original contract, all procurement records shall be retained for a period of five years after the completion of construction or full delivery of goods or services under a contract as per Section 70-30.3-285 of the Procurement Regulations.

Condition 2 – Documentation substantiating that the selection was based on the lowest bidder was not provided.

Condition 3 – Documentation demonstrating efforts were made to contact and solicit from other vendors was not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-014

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 CNMI Nutrition Assistance
Federal Award Nos.: 7NM4004NM and 7NM400NM7
Area: Special Tests and Provisions – NAP Coupon Reconciliation
Questioned Costs: \$3,375,452

AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 7NM400NM5
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$442,933

Criteria:

1. Section 1.22 and 1.24 of the CNMI Nutrition Assistance Program’s (NAP) Memorandum of Understanding with the United States Department of Agriculture - Food and Nutrition Service specifies the following:
 - CNMI will perform a reconciliation of all transacted Authorization-to-Participate (ATP) at the end of each month.
 - CNMI shall perform reconciliation of all transacted NAP coupons and shall be responsible for the security, accountability and control prior to and during the issuance thereof. CNMI shall develop monthly reconciliation reports of transacted and unused ATP checks and NAP coupons each month.
2. In accordance with the July 2021 OMB Compliance Supplement for SNAP Cluster, States must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the state’s benefit account with Treasury and EBT contractor records. This includes a reconciliation of the state’s issuance files of postings to recipient accounts with the EBT contractor.

Condition:

1. CNMI did not reconcile differences between the submission of the monthly FNS-388, State Issuance and Participation Estimates report, and the monthly reconciliation provided by the authorized redemption agent. The redemption reports combine ALN 10.539 and ALN 10.551 Supplemental Nutrition Assistance Program food coupons, and the ratio of program benefits to total redemptions is 88.4% for ALN 10.539 and 11.6% for ALN 10.551.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-014, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.539 CNMI Nutrition Assistance
 Federal Award Nos.: 7NM4004NM and 7NM400NM7
 Area: Special Tests and Provisions – NAP Coupon Reconciliation
 Questioned Costs: \$3,375,452

AL Program: 10.551/10.561 SNAP Cluster
 Federal Award No.: 7NM400NM5
 Area: Special Tests and Provisions – EBT Reconciliation
 Questioned Costs: \$442,933

Condition, continued:

Month	Redemptions per Monthly FNS-388 Report	Monthly Redemptions per Authorized Redemption Agent	Under/(Over) Redemption	Allocation for ALN 10.539 (88.4%) and Questioned Costs	Allocation for ALN 10.551 / 10.561 (11.6%) and Questioned Costs
Oct 2020	\$ 1,538,152	\$ 2,142,394	\$ (604,242)	\$ (534,150)	\$ (70,092)
Nov 2020	1,487,336	1,510,262	(22,926)	(20,267)	(2,659)
Dec 2020	1,510,552	1,666,528	(155,976)	(137,883)	(18,093)
Jan 2021	1,481,900	1,400,175	81,725	72,245	9,480
Feb 2021	2,359,766	2,044,585	315,181	278,620	36,561
Mar 2021	2,570,645	2,681,297	(110,652)	(97,816)	(12,836)
Apr 2021	2,648,345	2,267,416	380,929	336,741	44,188
May 2021	2,612,143	2,353,475	258,668	228,663	30,005
Jun 2021	2,633,586	2,985,966	(352,380)	(311,504)	(40,876)
Jul 2021	2,610,041	2,636,979	(26,938)	(23,813)	(3,125)
Aug 2021	2,544,646	2,760,230	(215,584)	(190,576)	(25,008)
Sep 2021	<u>2,484,727</u>	<u>5,781,684</u>	<u>(3,296,957)</u>	<u>(2,914,510)</u>	<u>(382,447)</u>
	\$ <u>26,481,839</u>	\$ <u>30,230,991</u>	\$ <u>(3,749,152)</u>	\$ <u>(3,314,250)</u>	\$ <u>(434,902)</u>

2. Total redemption costs of \$69,233 are not supported by the total of program benefits, as follows:

	<u>Program Benefit Costs</u>
Per general ledger	\$26,412,606
Per redemption reports	<u>\$26,481,839</u>
Unsupported program benefits	<u>\$ 69,233</u>
Allocation for ALN 10.539 (88.4%) and Questioned Costs	<u>\$ 61,202</u>
Allocation for ALN 10.551 (11.6%) and Questioned Costs	<u>\$ 8,031</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-014, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.539 CNMI Nutrition Assistance
 Federal Award Nos.: 7NM4004NM and 7NM400NM7
 Area: Special Tests and Provisions – NAP Coupon Reconciliation
 Questioned Costs: \$3,375,452

AL Program: 10.551/10.561 SNAP Cluster
 Federal Award No.: 7NM400NM5
 Area: Special Tests and Provisions – EBT Reconciliation
 Questioned Costs: \$442,933

Cause:

The CNMI did not periodically perform a reconciliation of its recorded program benefit costs to the total food coupons redeemed.

Effect:

The CNMI is in noncompliance with applicable special tests and provisions requirements for NAP coupon reconciliations and questioned costs of \$3,375,452 and \$442,933 results for ALN 10.539 and ALN 10.551, respectively.

<u>ALN 10.539</u>		<u>ALN 10.551/10.561</u>	
<u>Condition</u>	<u>Questioned Costs</u>	<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 3,314,250	1	\$ 434,902
2	61,202	2	8,031
	<u>\$ 3,375,452</u>		<u>\$ 442,933</u>

Recommendation:

Responsible CNMI personnel should periodically perform reconciliations of recorded program benefit costs with total food coupons redeemed.

Views of Responsible Officials:

The CNMI-NAP disagrees with both findings. FNS-388 is only for regular NAP benefits and thus reports only on benefit distribution.

CNMI-NAP realized that FNS-388 Reports for FY2021 records only Regular NAP Benefit (ALN 10.539). Auditors combined the Pandemic-Electronic Benefit (P-EBT) (ALN 10.542) and the SNAP Cluster (ALN 10.551/10.561) together with Regular NAP. Moreover, to derive from the Actual Redemption Report, Auditors need to recognize the old series.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-014, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 CNMI Nutrition Assistance
Federal Award Nos.: 7NM4004NM and 7NM400NM7
Area: Special Tests and Provisions – NAP Coupon Reconciliation
Questioned Costs: \$3,375,452

AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 7NM400NM5
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$442,933

Views of Responsible Officials, continued:

These old series are usually received and verified in the following months. However, during the redemption process, one must abstract the old series and add to the previous month and vice versa deduct the amount from the current month received.

Auditor Response:

Conditions 1 and 2 – Reconciliations to substantiate that the variance between the FNS-388 reports and the monthly redemption reports pertain to old series and/or EBT benefits were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-015

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits
Federal Award No.: 7NM400NM2
Area: Eligibility
Questioned Costs: \$151,626

Criteria:

Per Sections 3(a) and 4(a) of the CNMI State Plan for Pandemic EBT, a child is eligible for P-EBT benefits if two conditions are met:

1. The child would be eligible for free or reduced-price meals if the National School Lunch Program and School Breakfast Program were operating normally. This includes children who are:
 - a. Directly certified or determined “other source categorically eligible” for SY 2020-2021, or
 - b. Certified through submission of a household application processed by the child’s school district for SY 2020-2021, or
 - c. Enrolled in a Community Eligibility Provision school or a school operating under Provisions 2 or 3, or
 - d. Directly certified, determined other source categorically eligible, or certified by application in SY 2019-2020 and the school district has not made a new school meal eligibility determination for the child in SY 2020-2021. The date range covered by the State plan for children in school is from August 10, 2020 to June 11,2021 and from October 1, 2020 to June 11, 2021 for children in child care.
2. The child does not receive free or reduced-price meals at the school because the school is closed or has been operating with reduced attendance or hours for at least 5 consecutive days in the current school year. Once the minimum 5 consecutive day threshold is met, children are eligible to receive P-EBT benefits for closures or reductions in hours due to COVID-19.

Condition:

Of sixty (or 100%) eligibility files selected for testing, aggregating \$151,626 in total benefits paid of a total population of \$5.1M, documentations supporting eligibility determinations for the following P-EBT participants were not provided.

Item No.	Case No.	Benefits Paid and Questioned Costs
1.	174	\$ 948
2.	233	1,897
3.	247	948

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-015, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.542 Pandemic EBT Food Benefits
 Federal Award No.: 7NM400NM2
 Area: Eligibility
 Questioned Costs: \$151,626

Condition, continued:

Item No.	Case No.	Benefit Paid and Questioned Costs
4.	373	2,845
5.	506	948
6.	546	948
7.	814	948
8.	934	2,224
9.	1370	4,631
10.	1553	3,794
11.	1677	1,897
12.	2058	3,794
13.	2161	2,734
14.	2512	3,682
15.	2522	948
16.	3124	948
17.	3203	4,631
18.	3212	2,845
19.	3324	4,745
20.	3543	1,897
21.	3648	3,706
22.	3874	6,527
23.	4196	948
24.	4372	2,845
25.	4426	3,068
26.	4565	1,897
27.	4604	3,794
28.	4634	948
29.	5274	948
30.	5280	1,897
31.	5470	948
32.	5536	2,845
33.	5606	3,794
34.	5625	2,734
35.	5764	2,845
36.	5840	2,032
37.	5842	3,794
38.	5856	1,897
39.	5971	948
40.	6737	837
41.	7015	4,742
42.	7033	1,897

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-015, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits
Federal Award No.: 7NM400NM2
Area: Eligibility
Questioned Costs: \$151,626

Condition, continued:

Item No.	Case No.	Benefit Paid and Questioned Costs
43.	7166	1,897
44.	7186	3,794
45.	7191	2,845
46.	7835	2,845
47.	7867	4,742
48.	8128	1,897
49.	8508	1,777
50.	8522	1,897
51.	8789	1,554
52.	9265	2,311
53.	9281	2,845
54.	9885	558
55.	9914	7,364
56.	9968	4,631
57.	10300	948
58.	10389	948
59.	10579	3,682
60.	10580	948
		<u>\$151,626</u>

Cause:

The CNMI failed to provide the final eligibility listing and documentations supporting eligibility determinations within the deadline set by the CNMI Department of Finance.

Effect:

The CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$151,626 result.

Recommendation:

The responsible CNMI personnel should maintain an accurate listing of P-EBT recipients and also coordinate audit requests directly with the CNP Office.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-015, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits
Federal Award No.: 7NM400NM2
Area: Eligibility
Questioned Costs: \$151,626

Views of Responsible Officials:

CNMI-NAP disagrees with the finding. Under the Pandemic Electronic Benefit Transfer (P-EBT) Plan, CNMI NAP received the listing of the eligible children from CNMI Child Nutrition Program (CNP). CNMI-NAP only prepared and distributed the benefits. Applications and other requirements should be obtained from CNMI Public School System under CNP office. Due to the confidentiality and sensitivity of the records, the Auditor was informed to work with the CNP Director to review the documents. In addition, emails and correspondence with the Auditor were made to work with CNP regarding the records. NAP provided the auditor with the sample listings. NAP informed the audit team to contact PSS Child Nutrition Program (CNP) to review applications and documents pertaining to eligibility determination for P-EBT as it was PSS CNP that determined the eligibility. Contact information for PSS CNP was provided to the audit team by NAP staff. CNMI NAP wants to understand under the “Cause” of the finding.

Auditor Response:

The CNMI Department of Finance set an April 30, 2024 deadline for the CNMI to submit the required schedules and documents. The final eligibility listing was provided on May 16, 2024 while eligibility supporting documents were provided on May 30, 2024, which was past the April 30, 2024 deadline. Further, audit requests should be coordinated between the program office and the respective agency handling eligibility determinations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-016

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.551/10.561 SNAP Cluster
 Federal Award No.: 7NM400NM5
 Area: Special Tests and Provisions – ADP System for SNAP
 Questioned Costs: \$1,421

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, State agencies are required to automate their SNAP operations and computerize their systems for obtaining, maintaining, utilizing and transmitting information concerning SNAP. This includes (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation of households that have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period; and (3) generating data necessary to meet federal and reconciliation reporting requirements.

Condition:

Of forty case files tested, aggregating \$23,692 of a total population of \$3.08M, the following were noted:

1. For seven (or 18%), the estimated benefit amount per the Maven Automated Data Processing (ADP) system differed from the estimated benefits per audit expectation based on the applicable FY 2021 maximum monthly benefit schedule compared to the amount reflected in the Maven ADP system, which pertain to the maximum amount for Fiscal Year 2022.

Record ID	Certification Period	Maximum Benefit Amount per Maven ADP System	Maximum Monthly Benefit Level	Estimated Benefit Amount per Maven ADP System	Estimated Benefit Amount per Audit Expectation	Variance and Questioned Costs
B100092775	08/01/21 – 01/31/22	\$ 369	\$ 300	\$ 105	\$ 36	\$ 69
B100094249	09/01/21 – 11/30/21	\$ 969	\$ 789	\$ 937	\$ 757	180
B100095019	09/01/21 – 11/30/21	\$ 369	\$ 300	\$ 364	\$ 295	69
B100095077	09/01/21 – 02/28/22	\$ 969	\$ 789	\$ 680	\$ 500	180
B100094664	09/01/21 – 11/30/21	\$ 369	\$ 300	\$ 369	\$ 300	69
B100109695	09/01/21 – 12/31/21	\$ 677	\$ 551	\$ 627	\$ 501	126
B100093732	09/01/21 – 11/30/21	\$ 1,462	\$ 1,190	\$ 1,462	\$ 1,190	272
						<u>\$ 965</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-016, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 7NM400NM5
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$1,421

Conditions, continued:

2. For one (or 3%), inconsistencies between the adjudicator’s maximum allotment per income threshold (\$708 reflecting October 1, 2020 maximum) and the Maven ADP system (\$1,002 reflecting February 1, 2021 maximum) were noted for Record ID B100081068, certified from 12/01/20 to 02/28/21, resulting in a variance of \$294 between the estimated benefit amount per the Maven ADP system and per audit expectation, for which the amount is questioned.
3. For one (or 3%), inconsistencies between the adjudicator’s maximum allotment per income threshold (\$389 reflecting October 1, 2020 maximum) and the Maven ADP system (\$551 reflecting February 1, 2021 maximum) were noted for Record ID B100082118, certified from 01/01/21 to 03/31/21, resulting into a variance of \$162 between the estimated benefit amount per Maven ADP system and per audit expectation, for which the amount is questioned.

Cause:

The applicable monthly income level schedule used covering FY 2021 was not on file.

Effect:

CNMI is in noncompliance with applicable Special Tests and Provisions - ADP System for SNAP requirements, and questioned costs of \$1,421 result as the projected questioned costs exceed the \$25,000 threshold.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 965
2	294
3	162
	<u>\$ 1,421</u>

Recommendation:

As the Maven ADP System automatically updates income guidelines and benefit levels, we recommend that the CNMI maintains on file the applicable income guidelines and benefit levels used for eligibility determinations and that the CNMI responsible personnel should thoroughly review eligibility determinations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-016, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 7NM400NM5
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$1,421

Views of Responsible Officials:

Condition 1 - The CNMI-NAP disagrees with this finding. NAP staff has to guide the auditors during the time the audit is being performed to understand the history and process of files being audited.

Case ID#B100092775 variance of \$69 caused by change in income guideline and benefit level effective October 1st 2020 income level is 781 benefit for Saipan is \$221. Corrective action taken by Eligibility worker processed income for household of 1 as SSI which gave household \$41 benefit. Income should be counted as SSA which at the time the adjustment was made and increased the benefit amount for the household.

Case ID#B100094249 variance of \$180 a change in income and benefit level. Household income was \$108 which changed to \$120 for a household of 4. Adjustment was made to reflect changes including benefit level. From \$708.00 to \$1,231.

Case ID #B100095019 variance of \$69. Benefit level was \$212, and household had \$20 contribution as unearned income. Benefit issued was 295 new benefit level effective October 1st, 2021 adjusted benefit issuance at \$364 (maximum benefit for household of one for zero income is \$369).

Case ID#B100095077 variance of \$180. Benefit for household of 3 was issued for 2020 benefit and income level. November benefit effectuated new income and benefit level. Issued benefit is based by household and income of head of household.

Case ID#B100094664 Variance of \$69. Household is zero income maximum benefit level issued was \$300 reflecting 2020 benefit level. On October 1st, 2021 eligibility system automatically adjust benefit to \$369 as per new benefit level.

Case ID#B10109695 variance of \$126 household of 2 maximum benefit was \$389 with ineligible household members earning SS benefits totaling at \$167 (prorated income) benefit issued was \$651. Increase in benefit and income level was automatically adjusted by the eligibility system.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-016, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 7NM400NM5
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$1,421

Views of Responsible Officials, continued:

Case ID#B100093732 Variance of 272 household of 5 maximum Benefit level for zero income Household is \$1,462 deduction of 25 percent for over issuance (\$272) increase of benefit level automatically adjusted by Eligibility system and still taking offset of 25% for over issued benefits. Over issuance claim is already paid off.

Condition 2 - The CNMI-NAP disagrees with this finding. NAP staff has to guide the auditors during the time the audit is being performed to understand the history and process of files being audited.

Case ID#B100081068 Questioned cost of \$294. Head of household declared zero income. Benefit amount under issued in the amount of \$229 by eligibility system for maximum level of benefits should be \$1,231. Unable to do corrective action due to beyond 2 months from time the discrepancy was found: Corrective action for eligibility system to implement a system audit that will prevent future glitches that would create a loss for both the household and NAP program budget.

Condition 3 - The CNMI-NAP disagrees with this finding. NAP staff has to guide the auditors during the time the audit is being performed to understand the history and process of files being audited.

Case ID#B100082118 questioned cost is \$162 household had income from ineligible parents which is prorated towards the two eligible household members. Total prorated unearned income is \$843 which was counted towards the household's benefits. Then household became zero income due to Furlough from COVID-19 pandemic.

We disagree with the findings. When the auditor reviewed the case files, there was a misunderstanding of changes in household composition and income which is also affected by the increase in income guidelines and benefit levels between the certification period. This created the variances that the auditor noted in the findings. *CNMI NAP recommends having NAP staff guide the auditor during time the audit is being performed to understand history and process of files being audited.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-016, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 7NM400NM5
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$1,421

Views of Responsible Officials, continued:

CNMI-NAP recently hired a Certification Unit Supervisor who had been on board for close to three months. He had been actively working closely with the EWs and especially the Management Evaluation Unit (MEU) who oversees the program reviews and quality control. Mini Trainings and assessments of the Certification Unit are in the works. One training was done sometimes in April by the MEU to ensure compliance is met. More trainings and workshops are in being planned between the Certification Unit and Management Evaluation Unit for a better process and procedures.

Auditor Response:

Condition 1 – The applicable benefit level used for eligibility determination was not provided.

Condition 2 – The CNMI acknowledges the discrepancy and planned on a corrective action to prevent future system glitches.

Condition 3 – Documentation supporting the change in household composition and income were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-017

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D19AP00134, D19AP00142, D21AF10004, D21AF10052
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$402,941

Criteria:

In accordance with 2 CFR Part 200, Subpart E, cost must be necessary and reasonable for the performance of the federal award and be allocable thereto. Further costs must conform to any limitations or exclusions and be adequately documented.

Condition:

Of thirty-four nonpayroll expenditures tested, aggregating \$4.8M of a total population of \$11.8M, the following were noted:

1. For one (or 3%), no purchase order or contract was provided.

Business Unit	Object Account	G/L Date	Document No.	Amount and Questioned Costs
I19875C	62440	06/01/21	1665389	\$ <u>276</u>

2. For three (or 9%), no documents such as invoices or contracts were provided to substantiate costs.

Business Unit	Object Account	G/L Date	Document No.	Amount and Questioned Cost
I9875O	62790	06/02/21	339295	\$ 2,665
I21CIF	65700	04/26/21	338201	337,500
I21CID	65700	08/24/21	341725	<u>62,500</u>
				\$ <u>402,665</u>

3. Tests of the general ledger expenditure details noted that business unit 5122 amounting to \$261,832 pertains to locally funded transactions and should not have been charged to the program. No questioned cost is presented as no reimbursements were made under this business unit.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-017, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D19AP00134, D19AP00142, D21AF10004, D21AF10052
Area: Allowable Costs/Cost Principles
Questioned Costs: \$402,941

Cause:

CNMI did not effectively enforce recordkeeping controls and perform monitoring controls over compliance with applicable allowable costs/cost principles requirements. Further, the CNMI did not effectively monitor cumulative expenditures and approved funding limits. Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$402,941 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 276
2	402,665
	<u>\$ 402,941</u>

Recommendation:

CNMI management should establish a recordkeeping system whereby underlying support is filed accordingly to substantiate costs and management should also strengthen monitoring controls over transactions to substantiate program costs in accordance with applicable allowable costs/cost principles.

Views of responsible officials:

Condition 3 – The CNMI Corrective Action Plan states agreement.

Conditions 1 & 2 - The OMB disagrees with this finding. Compact Impact grants often operate on a reimbursement basis. This means that when the award is received, we request payment or a transfer of expenses to cover prior expenses that have already been incurred and paid. Therefore, the memo that was processed for such request and other supporting documents can be provided.

Auditor Response:

Conditions 1 & 2 - Documentation substantiating the costs charged to the program were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-018

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award Nos.: D14AP00037, D16AP00064, D16AP00065, D17AP00111,
D18AP00031, D18AP00130, D18AP00146, D18AP00165,
D20AP00099, D20AP00119, and D21AP10003
Area: Equipment and Real Property Management
Questioned Costs: \$-0-

Criteria:

In accordance with 2 CFR section 200.313(b)), a state must use, manage, and dispose of equipment acquired under a federal award in accordance with state laws and procedures.

The CNMI Property Management Policies and Procedures requires the Division of Procurement & Supply (PS) to conduct an annual inventory of property held by a designated official who has administrative control over the use of personal property within his area of jurisdiction. Also, PS shall perform random audits of property held by each accountable person to validate the integrity of the property control process.

Further, property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Condition:

1. Tests of internal controls noted that a complete physical inventory of equipment and property was not performed by PS in FY 2021.
2. A property listing was provided by PS; however, information such as the federal award identification number, source of the property, who holds title, percentage of federal participation in the cost of the property, and use of the property, was not documented.
3. A variance of \$415,046 was noted between the general ledger details of \$665,165 of capital assets and \$250,119 per the property listing provided by PS.

Cause:

The CNMI lacks the human resources and financial management system structure needed to effect compliance with applicable equipment and real property management requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-018, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award Nos.: D14AP00037, D16AP00064, D16AP00065, D17AP00111,
 D18AP00031, D18AP00130, D18AP00146, D18AP00165,
 D20AP00099, D20AP00119, and D21AP10003
 Area: Equipment and Real Property Management
 Questioned Costs: \$-0-

Effect:

The CNMI is in noncompliance with applicable equipment and real property management requirements. See below for the cumulative dollar amount of property and equipment acquired with program grant funds over the past five years.

2021	2020	2019	2018	2017	Grand Total
\$ 665,165	\$ 684,611	\$ 855,479	\$ 335,551	\$ 501,789	\$ 3,042,595

Identification as a Repeat Finding: Finding No. 2020-030

Recommendation:

The CNMI should consider seeking technical and financial support from Federal agencies to develop human resources and a financial management system capable of effecting compliance with applicable property management policies and procedures.

Views of responsible officials:

Conditions 1 and 2 – The CNMI Corrective Action Plan states agreement.

Condition 3 - The Division of Procurement Services disagrees with this finding. The Division of Procurement Services, Property Management wasn't informed of this audit parameter. For FY2021 number of Transactions/Units processed was 4970 units and the dollar value is \$9,526,239.

Auditor Response:

Condition 3 - The request was for the inventory listing as of 09/30/21 fiscal year end. Further, the dollar amount of the equipment and property are all capital assets in excess of \$5,000.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-019

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D19AP00082
Area: Matching, Level of Effort and Earmarking
Questioned Costs: \$7,488

Criteria:

In accordance with the July 2021 Compliance Supplement, matching or cost sharing includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match federal awards.

Condition:

For one (or 50%) of two transactions tested, aggregating \$7,559 of a total population of \$35,910, the project worksheet and disaster number did not agree to the projects listed on file for the cost sharing. As a result, the cost share percentage of 25% was inappropriately applied.

PW No.	Disaster No.	Category	Obligating Document no.	Date	Amount	25% Local Share and Questioned Costs
2	DR-4396	E	711756-OP	12/03/20	\$ 29,951	\$ 7,488

Cause:

The cause of the above condition is the lack of internal controls and inadequate file maintenance.

Effect:

The CNMI is in noncompliance with applicable matching requirements and questioned costs of \$7,488 result as the projected questioned costs exceed the \$25,000 threshold.

Recommendation:

The CNMI should establish and implement controls over compliance with applicable matching requirements. Responsible personnel should review local and federal share files for accuracy of disbursements.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-020

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
D19AP00090, D20AP00064, D20AP00049
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,240,465

Criteria:

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200. CNMI's procurement regulations state the following:

Retention of Procurement Records:

(a) All procurement records shall be retained by the Procurement and Supply (P&S) Director for a period of 5 years after completion of construction, or full delivery of the goods or services under the contract. The official with expenditure authority shall also keep copies of all procurement records for their respective agencies.

Requirements for Competition:

Officials with expenditure authority shall provide for full and open competition through use of the competitive procedure that is best suited to the circumstances of the contract action. The competitive procedures available for use in fulfilling the requirement for full and open competition are as follows:

- (a) Competitive sealed bidding (§ 70-30.3-205)
- (b) Competitive sealed proposals (§ 70-30.3-210)
- (c) Architect-engineer services (§ 70-30.3-305); and
- (d) Competitive selection procedures for professional services (§ 70-30.3-310).

§ 70-30.3-201 Competitive sealed bidding:

If there is no adequate local competition, the invitation for bids shall also be advertised in at least one regional newspaper or at least one national publication or on the internet; in such case, the P&S Director shall consider extending the bidding period.

Small Purchases:

Bidding is not required but is encouraged for procurement over \$2,500 and under \$10,000. The official with expenditure authority must obtain price quotations from at least three vendors and base the selection on competitive price and quality for procurement valued at \$2,500 to \$10,000. Any price quotations obtained must be written, documented, and submitted to the P&S Director for approval.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-020, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
 D19AP00090, D20AP00064, D20AP00049
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$1,240,465

Condition:

Of forty-five expenditures tested, aggregating \$4.5M of a total population of \$6.4M in nonpayroll expenditures subject to procurement, the following were noted:

1. For two (or 4%), purchase order, purchase requisitions and contracts were not on file.

Business Unit	Object Account	G/L Date	Document No.	Amount and Questioned Costs
I20875P	63030	07/16/21	342480	\$ 1,037
I18875G	62660	09/17/21	1732366	<u>9,980</u>
				\$ <u>11,017</u>

2. For five (or 11%), bid submissions and invitation-to-bid publications were not on file. No questioned costs are presented for Business Unit 5122 as no reimbursement were received in FY 2021.

Contract No.	Business Unit	Object Account	GL Date	Document No.	Amount and Questioned Costs
703-OS	5649H	64100	03/30/21	1627866	\$ 14,880
703-OS	5649H	64100	06/11/21	1671242	14,990
CUC-WW-18-C032	5122	64100	11/05/20	1579518	-
CUC-WW-18-C032	5122	64100	11/05/20	1579518	-
CUC-WW-18-C032	5122	64100	05/19/21	1664172	-
					\$ <u>29,870</u>

3. For two (or 4%), no price quotations were written, documented, or submitted with the purchase order.

PO/Contract No.	Business Unit	Object Account	G/L Date	Document No.	Amount and Questioned Costs
707442-000 OP	I18875E	63050	10/05/20	1561570	\$ 2,500
708681-000 OP	I20875H	63050	10/26/20	1573947	<u>2,500</u>
					\$ <u>5,000</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-020, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
 D19AP00090, D20AP00064, D20AP00049
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$1,240,465

Condition, continued:

- For two or (4%), written justifications and the P&S Director’s written approvals of the emergency procurement method used were not provided. In addition, the contracts indicated the procurement used were for competitive sealed proposals; however, the procurement files support emergency procurement.

<u>PO/Contract No.</u>	<u>Business Unit</u>	<u>Object Account</u>	<u>G/L Date</u>	<u>Document No.</u>	<u>Amount and Questioned Costs</u>
708019-000 OP	I20875F	62060	11/18/20	333922	\$ 947,750
708019-000 OP	I20875F	62060	11/18/20	333922	<u>246,828</u>
					<u>\$1,194,578</u>

Cause:

CNMI did not enforce compliance with established procurement regulations over procurement.

Effect:

CNMI is in noncompliance with applicable procurement regulations and questioned costs of \$1,240,465 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 11,017
2	29,870
3	5,000
4	<u>1,194,578</u>
	<u>\$ 1,240,465</u>

Identification as a Repeat Finding: Finding No. 2020-032

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-020, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
D19AP00090, D20AP00064, D20AP00049
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,240,465

Views of responsible officials:

Condition 1 – CNMI Corrective Action Plan statements agreement.

Condition 2 - The CIP Office disagrees with this finding. The Capital Improvement Program provided information regarding these questioned costs.

For 703-OS/32200344 - RFQ20-GOV-084 was provided to the Auditor for their review. Three (3) proposers submitted a proposal.

For 702-OS/32200912 - The procurement method for this was processed through a Sole Source. For CUC-WW-18-C032 - Lower Base Sewer Phase 1 - Lift Station and Focemain - This contract was executed by the Commonwealth Utilities Corporation on July 12, 2018. Procurement Services was able to obtain a copy of the contract from CUC to satisfy the audit testing. For 712727-OC (ITB20-DLNR/DOA-098) - Purchase of One (1) 13" Chipper Machine. Two bidders responded to this ITB; Boyer Trading Company & J. & J Company. Boyer Trading was selected as the lowest and responsive bidder.

Condition 3 - The Office of Grants Management disagrees with these findings because these are Open Accounts, and this would mean that no price quotations were required during the purchase requisition process in order to obtain the purchase orders. As confirmed by Financial Services and Procurement Services, quotations were not required on an open account. Open accounts were allowed during the JD Edwards period and were discontinued after September 30, 2021. MUNIS was implemented in October 2021.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-020, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
D19AP00090, D20AP00064, D20AP00049
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,240,465

Views of responsible officials, continued:

Condition 4 - The Office of Grants Management (assisting DHSEM) disagrees with the finding because assigned personnel were not made aware of the documents needed; however, OGM is more than happy to provide the following documents to substantiate the purchase of a mobile Covid-19 Biological Safety Lab for the Commonwealth Healthcare Center and for the Alternate Care Site at Kanoa Resort.

Per the documentation, the Public Assistance Office and DHSEM followed competitive procurement processing and invoked the Public Health Emergency Executive Order#2020-04 and to which the CNMI Attorney General's Office approved the purchase. Purchase Order # 708019 was used by the Department of Homeland Security and Emergency Management and the Covid-19 Task Force. Contract number Covid19-0-0626 was provided. Expenses were later transferred to Department of the Interior CARES Act Funds under D20AP00049 per OGM Memo Number 2021-013.

Auditor Response:

Condition 2 – The bid documents, bid submissions and advertisements were not provided.

Condition 3 – Per §70-30.3-220 of the CNMI Procurement Regulations that was in effect prior to May 28, 2021, the official with expenditure authority must obtain price quotations from at least three vendors and base the selection on competitive price and quality at \$2,500 to \$10,000. Any price quotations obtained must be written, documented, and submitted to the P&S Director for approval.

Condition 4 – The supporting documents were requested on January 25, 2024 and were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-021

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D18AP00135 and D19AP00083
 Area: Reporting
 Questioned Costs: \$1,165

Criteria:

In accordance with Section 8 of the Grant and Cooperative Agreement between the CNMI and the Office of Insular Affairs (OIA), a SF-425 Federal Financial Report will be submitted semi-annually for the period beginning January 1 and ending June 30 and beginning July 1 and ending December 31.

Condition:

The total federal share of expenditures reported on the SF-425 differ from the underlying accounting records. No questioned costs result for D19AP00083 as no reimbursement was received in FY2021.

Description	Business Unit	Reporting Period	Per SF 425	Per Underlying Accounting Records	Variance	Questioned Costs
D18AP00135	I18875F	6/30/2021	\$288,849	\$287,684	\$1,165	\$ 1,165
D19AP00083	5696C	6/30/2021	\$-0-	\$142,549	(\$142,549)	-
						<u>\$ 1,165</u>

Cause:

CNMI did not effectively monitor the accuracy and completeness of the SF-425 report based on underlying accounting records.

Effect:

CNMI is in noncompliance with SF-425 reporting requirements and questioned costs of \$1,165 result for D18AP00135 as actual reimbursement exceeded recorded expenditures and the projected questioned costs exceed the \$25,000 threshold.

Recommendation:

CNMI should implement monitoring control procedures to verify that amounts reported are supported by underlying accounting records derived from CNMI's accounting system.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-021, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D18AP00135 and D19AP00083
Area: Reporting
Questioned Costs: \$1,165

Views of Responsible Officials:

The Office of Grants Management (assisting Financial Services – Federal Section) disagrees with the finding. Per the SF-425, the amount noted is \$288,849 (rounded) and their records are accurate. Auditors did not inquire with the Federal Section about the variance they noted and are unsure of what accounting records they are referring to. Auditors would need to review this finding again and reach out to the Federal Section.

Auditor Response:

The underlying accounting records we are referring to are the accounting records that the CNMI utilizes to prepare the SF-245 reports which should include the reconciliation substantiating the variance between the SF-425 and the general ledger detail report.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-022

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D19AP00006 and D21AF10004
 Area: Subrecipient Monitoring
 Questioned Costs: \$ -0-

Criteria:

In accordance with 2 CFR § 200.332, pass-through entity (PTE) must establish and implement subrecipient monitoring policies and procedures, including the following:

- At the time of the award, clearly identifying to the subrecipient all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award.
- Evaluating the impact of subrecipient activities on the pass-through entity’s ability to comply with applicable federal regulations.

Condition:

1. The subrecipients of the Capital Improvement Projects (CIP) and Compact Impact programs did not match the listing per the SEFA.

	Per SEFA	Per Audit	Variance
CIP	\$ -	\$ 1,616,507	(\$1,616,507)
Compact Impact	-	970,384	(970,384)
Development of TTPI	1,027,002	-	1,027,002
Total	<u>\$1,027,002</u>	<u>\$2,586,891</u>	<u>(\$1,559,889)</u>

2. The program did not include the following required information in the subrecipient agreements:

- Subrecipient’s Data Universal Numbering System (DUNS) number;
- Federal Award Identification Number (FAIN);
- Subaward Period of Performance Start and End Date;
- Amount of Federal Funds Obligated by this action;
- Total Amount of Federal Funds Obligated to the subrecipient; and
- Indirect cost rate for the Federal award.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-022, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D19AP00006 and D21AF10004
Area: Subrecipient Monitoring
Questioned Costs: \$ -0-

Condition, continued:

3. There was no evidence of procedures used to monitor subrecipient compliance with applicable laws, regulations, and provisions of contracts and grant agreements. We are aware that the subrecipients, Public School System and Northern Marianas College, have been subjected to Single Audits; however, there is no evidence that the Single Audit reports were used as a monitoring tool.
4. Documentation was not provided to demonstrate monitoring procedures were performed on the subrecipients. Further, narrative reports on project status were not provided and made available.

Cause:

The CNMI failed to enforce compliance with subrecipient monitoring requirements.

Effect:

The CNMI is in noncompliance with applicable subrecipient monitoring requirements. No questioned costs are presented as the Single Audit reports of the subrecipients tested have been issued with no findings noted.

Identification as a Repeat Finding: Finding No. 2020-033

Recommendation:

The responsible personnel should consider obtaining training in the area of subrecipient monitoring and establishing and implementing policies and procedures over compliance with applicable subrecipient monitoring requirements.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-023

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016
Area: Special Tests and Provisions – Grant Terms and Conditions
Questioned Costs: \$-0-

Criteria:

In accordance with Section 5 of the Grant and Cooperative Agreement between the CNMI and the Office of Insular Affairs (OIA), for construction activities funded by grants, the Office of Insular Affairs (OIA) seal should be displayed on all construction signage that is intended to identify the project and funders, as appropriate. The seal must remain intact and unchanged and may only be displayed using either the standard color scheme or a single color that complements the background where it appears. The OIA grant manager should be contacted for an electronic version of the seal if needed.

Condition:

Of eight expenditures tested, aggregating \$4.5M of a total population of \$11.8M, for one (or 13%), documentation substantiating that the Office of Insular Affairs seal requirement was complied with was not provided:

Business Unit No.	Subrecipient	Total expenditures
5663D	CUC	\$461,323

Cause:

The CNMI did not effectively monitor compliance with applicable special tests and provisions requirements.

Effect:

The CNMI is in noncompliance with special tests and provisions requirements. No questioned costs are reported as we are unable to quantify the extent of noncompliance.

Identification as a Repeat Finding: Finding No. 2020-034

Recommendation:

The responsible personnel should monitor grant terms and conditions so that requirements are complied with.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-024

Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34837-20-55-A-69
Area: Eligibility
Questioned Costs: \$1,131,117

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, applicants are determined to be eligible based on the criteria set forth in the Standard Operating Policies and Procedures for Pandemic Unemployment Assistance (PUA) and Federal Pandemic Unemployment Compensation (FPUC) Programs. To qualify, applicants must be a U.S. citizen, U.S. national, or qualified alien who reside in the CNMI and unable to work as a direct result of COVID-19. In addition, supporting documentation, when applicable, are required to be submitted to confirm residency, employment, and claims.

Condition:

Of sixty claimants tested, aggregating \$35,970 in total benefits paid of a total population of \$125.9M, deficiencies were noted as follows:

1. For four (or 7%), no copy of the social security card was provided. No questioned costs result as the claimants provided their social security numbers.

Application ID

172301
151998
421341
53494

2. For forty-one (or 68%), the *Pandemic Unemployment Qualification Determination* letter sent to the claimant did not state the weeks of unemployment assistance the claimant requested. No questioned costs are presented as weeks claimed were within the period of performance date.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-024, continued

Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: UI-34837-20-55-A-69
 Area: Eligibility
 Questioned Costs: \$1,131,117

Condition, continued:

Condition 2, continued:

Item No.	Application ID	Item No.	Application ID
1.	46206	12.	114495
2.	46217	13.	114862
3.	48102	24.	118229
4.	50708	25.	123927
5.	53494	26.	131910
6.	58548	27.	151998
7.	59714	28.	158084
8.	62201	29.	172133
9.	63479	30.	172301
10.	65865	31.	225524
11.	70082	32.	237775
12.	70411	33.	388789
13.	74119	34.	396624
14.	83954	35.	399880
15.	84657	36.	400843
16.	86189	37.	418507
17.	89904	38.	418659
18.	97145	39.	419909
19.	99064	40.	421341
20.	105843	41.	422760
21.	108920		

- For four (or 7%), no evidence of verification through the United States Citizenship and Immigration Services' (USCIS) Systematic Alien Verification for Entitlement (SAVE) program was on file to determine the eligibility of qualified aliens.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-024, continued

Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: UI-34837-20-55-A-69
 Area: Eligibility
 Questioned Costs: \$1,131,117

Conditions, continued:

Condition 3, continued:

<u>Application ID</u>	<u>PUA</u>	<u>FPUC</u>	<u>Benefit Amounts and Questioned Costs</u>
111798	\$ 265	\$ 300	\$ 565
158179	47	600	647
398353	345	300	645
399118	<u>345</u>	<u>300</u>	<u>645</u>
	<u>\$1,002</u>	<u>\$1,500</u>	<u>\$2,502</u>

4. Of the \$24,919,128 in PUA/FPUC overpayments reported during FY2021, the CNMI subsequently recovered \$23,790,333. Therefore, the remaining overpayment of \$1,128,615 (consisting of \$487,578 under PUA and \$641,037 under FPUC) is assessed as questioned costs.

Cause:

The CNMI Department of Labor (DOL) did not effectively monitor compliance with applicable eligibility requirements and its Standard Operating Policies and Procedures for PUA and FPUC Programs.

Effect:

The CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$1,131,117 result.

<u>Condition</u>	<u>Questioned Costs</u>
3	\$ 2,502
4	<u>1,128,615</u>
	<u>\$ 1,131,117</u>

Identification as a Repeat Finding: Finding No. 2020-037

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-024, continued

Federal Agency:	U.S. Department of Labor
AL Program:	17.225 Unemployment Insurance
Federal Award No.:	UI-34837-20-55-A-69
Area:	Eligibility
Questioned Costs:	\$1,131,117

Recommendation:

The CNMI should strengthen monitoring controls over compliance with applicable eligibility requirements. Responsible personnel should timely perform quality control reviews and maintain relevant documentation in accordance with the applicable eligibility requirements. Further, the responsible CNMI personnel should enforce recovery of overpayments.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-025

Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: UI-34837-20-55-A-69
 Area: Special Tests and Provisions – UI Program Integrity - Overpayments
 Questioned Costs: \$ -0-

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, states must properly identify and handle overpayments including (a) detecting benefits paid in error, (b) deterring claimants from obtaining benefits through willful misrepresentation/fraud, (c) investigating and reporting fraudulent claims, and (d) recovering benefits overpaid.

Condition:

Of sixty claimant files tested, aggregating \$903,883 of a total population of \$24.9M in overpayments, we noted the following deficiencies:

1. For fifty-five (or 92%), none was reported to the Office of the Inspector General for suspected fraudulent activity. The claimant’s location was identified as out of state. No questioned costs are presented as amounts are questioned at Finding No. 2021-024, Condition 4.

<u>Date Served</u>	<u>OP Case No.</u>	<u>Date Served</u>	<u>OP Case No.</u>
10/12/2020	PUAOP001413	12/14/2020	PUAOP002786
10/12/2020	PUAOP001659	12/14/2020	PUAOP002894
10/12/2020	PUAOP001694	12/14/2020	PUAOP003303
10/12/2020	PUAOP001878	12/15/2020	PUAOP001090
10/12/2020	PUAOP001914	12/15/2020	PUAOP001270
10/12/2020	PUAOP002589	12/15/2020	PUAOP001326
10/12/2020	PUAOP002820	12/15/2020	PUAOP001378
10/12/2020	PUAOP002856	12/15/2020	PUAOP001450
10/12/2020	PUAOP002970	12/15/2020	PUAOP001481
10/12/2020	PUAOP003015	12/15/2020	PUAOP001519
10/12/2020	PUAOP003051	12/15/2020	PUAOP001620
10/12/2020	PUAOP003094	12/15/2020	PUAOP001798
10/12/2020	PUAOP003131	12/15/2020	PUAOP002486
10/12/2020	PUAOP003165	12/15/2020	PUAOP002555
10/12/2020	PUAOP003217	12/15/2020	PUAOP002667
10/12/2020	PUAOP003255	12/21/2020	PUAOP001557
10/31/2020	PUAOP000691	12/21/2020	PUAOP001585
10/31/2020	PUAOP000738	12/21/2020	PUAOP001730
10/31/2020	PUAOP000768	12/21/2020	PUAOP001838
11/12/2020	PUAOP001209	12/21/2020	PUAOP001963
12/10/2020	PUAOP001053	12/21/2020	PUAOP002707
12/10/2020	PUAOP001171	03/18/2021	PUAOP002360
12/11/2020	PUAOP001132	03/19/2021	PUAOP002421
12/14/2020	PUAOP001765	03/22/2021	PUAOP002324
12/14/2020	PUAOP002520	08/02/2021	PUAOP002027
12/14/2020	PUAOP002624	03/30/2021	PUAOP002933
12/14/2020	PUAOP002744	04/29/2021	PUAOP003515
		08/19/2021	PUAOP003814

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-025, continued

Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: UI-34837-20-55-A-69
 Area: Special Tests and Provisions – UI Program Integrity - Overpayments
 Questioned Costs: \$ -0-

Condition, continued:

2. For one (or 2%) (OP Case No. PUAOP000181, amounting to \$14,840, which consists of \$6,200 under PUA and \$8,640 under FPUC), a repayment plan has not been established for the recovery of overpayments. No questioned costs are presented as the amount is questioned at Finding No. 2021-024, Condition 4.
3. For one (or 2%) (OP Case No. PUAOP000437, amounting to \$5,099, which consists of \$1,859 under PUA and \$3,240 under FPUC), the CNMI was not able to substantiate whether a debit or credit card was used for the repayment of benefits received. No questioned costs are presented as the amount is questioned at Finding No. 2021-024, Condition 4.
4. For one (or 2%) (OP Case No. PUAOP001010, amounting to \$4,340 in PUA benefits), the written decision letter for appeal of overpayments was issued more than 30 days of the appeal filing. No questioned costs are presented as the amount is questioned at Finding No. 2021-024, Condition 4.
5. For sixteen (or 27%), documents were not made available for examination to determine whether funds from voided checks and/or cancelled ACH payments were returned to the respective program accounts for Business Units L0225A, L0225B, L0225F, L0225G, L0225I and L0225K. No questioned costs are presented as amounts are questioned at Finding No. 2021-024, Condition 4.

<u>OP Case No.</u>	<u>PUA</u>	<u>FPUC</u>	<u>Total Amount</u>
PUAOP000768	\$ 8,625	\$10,200	\$ 18,825
PUAOP001090	\$ 9,315	\$10,200	19,515
PUAOP001270	\$ 4,960	\$ 3,240	8,200
PUAOP001326	\$ 7,935	\$ 6,600	14,535
PUAOP001378	\$ 5,175	\$ 9,000	14,175
PUAOP001450	\$ 8,280	\$ 7,200	15,480
PUAOP001519	\$ 8,280	\$ 8,400	16,680
PUAOP001620	\$ 9,315	\$ 8,400	17,715
PUAOP001765	\$ 3,450	\$ 5,400	8,850

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-025, continued

Federal Agency: U.S. Department of Labor
 AL Program: 17.225 Unemployment Insurance
 Federal Award No.: UI-34837-20-55-A-69
 Area: Special Tests and Provisions – UI Program Integrity - Overpayments
 Questioned Costs: \$ -0-

Condition, continued:

Condition 5, continued:

<u>OP Case No.</u>	<u>PUA</u>	<u>FPUC</u>	<u>Total Amount</u>
PUAOP001798	\$ 1,380	\$ 2,400	3,780
PUAOP002027	\$ 7,935	\$10,200	18,135
PUAOP002324	\$10,695	\$10,200	20,895
PUAOP002360	\$10,350	\$10,200	20,550
PUAOP002421	\$ 9,315	\$ 9,000	18,315
PUAOP002486	\$ 9,660	\$ 9,600	19,260
PUAOP002667	\$ 8,625	\$ 8,400	<u>17,025</u>
			<u>\$ 251,935</u>

Cause:

The CNMI did not enforce compliance with applicable special tests and provisions requirements for overpayments.

Effect:

The CNMI is in noncompliance with applicable Special Tests and Provisions – UI Program Integrity- Overpayments Program requirements.

Identification as a Repeat Finding: Finding No. 2020-039

Recommendation:

Responsible CNMI personnel should enforce controls over compliance with applicable special tests and provision requirements for overpayments and should enforce recovery of overpayments.

Views of Responsible Officials:

Conditions 1, 2, 4 and 5 – The CNMI Corrective Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-025, continued

Federal Agency: U.S. Department of Labor
AL Program: 17.225 Unemployment Insurance
Federal Award No.: UI-34837-20-55-A-69
Area: Special Tests and Provisions – UI Program Integrity - Overpayments
Questioned Costs: \$ -0-

Views of Responsible Officials, Continued:

Condition 3 - CNMI DOL does not agree with this finding. With respect to OP Case No. PUAOP000437, repayment was not necessary as the payment in this overpayment case was processed as a paper check. The paper check was noted as “Intercepted” due to having an out-of-state mailing address.

Therefore, the initial benefit disbursement was not received by the claimant. No official overpayment determination was issued as payment was intercepted.

Auditor Response:

Condition 3 - Documentations supporting the “interception” of overpayments were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-026

Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Allowable Costs/Cost Principles
Questioned Costs: \$20,341,913

Criteria:

In accordance with 2 CFR Part 200, Subpart E, cost must be necessary and reasonable for the performance of the federal award and be allocable thereto. Further costs must conform to any limitations or exclusions and be adequately documented.

Condition:

Of nine expenditures tested, aggregating \$20.8M of a total population of \$25M, for two (or 22%), either the check payments and/or invoices were not provided.

Business Unit	Object Account	G/L Date	Document No.	Amount
2020H	62660	05/03/21	1662213	\$ 2,768
2020A	62810	09/30/21	347768	<u>20,339,145</u>
				<u>\$20,341,913</u>

Cause:

CNMI did not enforce monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$20,341,913 result.

Identification as a Repeat Finding: Finding No. 2020-041

Recommendation:

CNMI should strengthen monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Views of responsible officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-027

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.019 Coronavirus Relief Fund
 Federal Award No.: COVID-19
 Area: Reporting
 Questioned Costs: \$-0-

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, each prime recipient of the Coronavirus Relief Fund (CRF) shall provide a quarterly Financial Progress Report that contains COVID-19 related costs incurred during the covered period (the period beginning on March 1, 2020 and ending on December 30, 2021) to Treasury’s Office of Inspector General. For quarterly reporting, each prime recipient shall report this quarterly information into the Grant Solutions portal. The Prime recipient’s quarterly Financial Progress Report submissions is only for the reporting of costs incurred related to CRF proceeds received from Treasury and should be supported by the data in the prime recipient’s accounting system. Quarterly reporting will be due no later than ten days after each calendar quarter. If the 10th calendar day falls on a weekend or a federal holiday, the due date will be the next working day.

Condition:

Tests of the quarterly Financial Progress reports for the quarters ended 03/31/2021 and 09/30/2021 noted the following:

1. The underlying accounting records supporting amounts reported were not provided.

Quarter Ended 03/31/21

Line Number	Description	Obligations	Current Quarter Expenditures	Cumulative Expenditures	Net Obligations
116	Contracts >=\$50,000	\$ 12,136,723	\$ 7,154,035	\$ 7,154,035	\$ 4,982,688
120	Aggregate Contracts <\$50,000	\$ 102,316	\$ 76,913	\$ 76,913	\$ 25,403
122	Aggregate Transfers <\$50,000	\$ 52,654	\$ 10,707	\$ 10,707	\$ 41,947
125	Total	\$ 12,291,693	\$ 7,241,655	\$ 7,241,655	\$ 5,050,038

Quarter Ended 09/30/21

Line Number	Description	Obligations	Current Quarter Expenditures	Cumulative Expenditures	Net Obligations
116	Contracts >=\$50,000	\$ 12,985,033	\$ 812,310	\$ 7,966,345	\$ 5,018,688
120	Aggregate Contracts <\$50,000	\$ 1,129,284	\$ 877,745	\$ 954,658	\$ 174,626
122	Aggregate Transfers <\$50,000	\$ 466,757	\$ 361,561	\$ 372,268	\$ 94,489
124	Aggregate Payments to Individuals	\$ 203	\$ 203	\$ 203	\$ -
125	Total	\$ 14,581,277	\$ 2,051,819	\$ 9,293,474	\$ 5,287,803

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-027, continued

Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Reporting
Questioned Costs: \$-0-

Condition, continued:

2. The 12/31/20 and 6/30/21 reporting periods were not submitted in the Grant Solutions portal. No questioned costs are presented as we are not able to quantify the extent of noncompliance.

Cause:

The CNMI lacks monitoring control procedures to verify that amounts reported are supported by underlying accounting records derived from the CNMI's accounting system and that the required financial progress reports are submitted in the Grant Solutions portal by applicable due dates.

Effect:

The CNMI is in noncompliance with Financial Progress reporting requirements.

Identification as a Repeat Finding: Finding No. 2020-043

Recommendation:

CNMI should implement monitoring control procedures to verify that amounts reported are supported by underlying accounting records derived from CNMI's accounting system and that required financial progress reports are submitted in the Grant Solutions portal by applicable due dates.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-028

Federal Agency: U.S. Department of the Treasury
AL Program: 21.019 Coronavirus Relief Fund
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$59,158

Criteria:

In accordance with 2 CFR § 200.332, the pass-through entity (PTE) must establish and implement subrecipient monitoring policies and procedures, including the following:

- At the time of the award, clearly identifying to the subrecipient all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award.
- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

Condition:

1. Subrecipient monitoring policies and procedures was not provided; as such, we did not obtain an understanding of CNMI's process to identify subawards, evaluate risk of noncompliance, and perform monitoring procedures based upon identified risks.
2. Of one (or 100%) subrecipient tested, aggregating \$59,158 of a total population of \$5.097M, the subrecipient agreement was not provided and there was no evidence of monitoring procedures performed to determine whether the subrecipient is in compliance with applicable laws, regulations, and provisions of contracts and grant agreements, for which amount is questioned.

Cause:

The CNMI failed to enforce compliance with subrecipient monitoring requirements.

Effect:

The CNMI is in noncompliance with applicable subrecipient monitoring requirements and questioned costs of \$59,158 result.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-028, continued

Federal Agency:	U.S. Department of the Treasury
AL Program:	21.019 Coronavirus Relief Fund
Federal Award No.:	COVID-19
Area:	Subrecipient Monitoring
Questioned Costs:	\$59,158

Recommendation:

The responsible personnel should consider obtaining training in the area of subrecipient monitoring and establishing and implementing policies and procedures over compliance with applicable subrecipient monitoring requirements.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-029

Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance Program
Federal Award No.: COVID-19
Area: Eligibility
Questioned Costs: \$4,252

Criteria:

In accordance with Section 501 of Division N of the Consolidated Act, 2021, Publication L No. 116-260 (Dec. 27, 2020), grantee may only use funds provided in the Emergency Rental Assistance (ERA) program to provide financial assistance and housing stability services to eligible households. Eligibility is limited to households with income that does not exceed 80 percent of the median income for the area in which the household is located.

Condition:

Of sixty case files tested, aggregating \$196,992 of a total population of \$3,680,786, for two (or 3%), the housing instability and financial hardship attestations, check stubs, lease, and other supporting documents to verify applicant's eligibility were not provided.

Application No.	Total Assistance and Questioned Cost
SPN-4116	\$ 1,456
SPN-4493	<u>2,796</u>
	\$ <u>4,252</u>

Cause:

The CNMI did not effectively monitor compliance with applicable eligibility requirements.

Effect:

The CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$4,252 result as the total projected questioned costs exceed the \$25,000 threshold.

Recommendation:

The CNMI should strengthen monitoring controls over compliance with applicable eligibility requirements. Prior to approving applications, responsible personnel should verify that the applicable documentations are on file to substantiate eligibility determinations.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-030

Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance Program
Federal Award No.: COVID-19
Area: Reporting
Questioned Costs: \$-0-

Criteria:

The Emergency Rental Assistance Program Reporting Guidance states that ERA1 and ERA2 recipients are required to submit partial Quarterly Compliance Q2 reports and must provide brief monthly reports for the months of July and August 2021.

Condition:

Partial quarterly compliance Q2 reports and brief monthly reports for July and August 2021 were not submitted for ERA1 and ERA2. No questioned cost is presented as we are not able to quantify the extent of noncompliance.

Cause:

CNMI did not submit the required ERA1 and ERA2 Q2 compliance reports and brief monthly reports.

Effect:

CNMI is in noncompliance with the Q2 compliance reports and the brief monthly reports reporting requirements.

Recommendation:

CNMI should implement monitoring control procedures to verify that required compliance and brief monthly reports are submitted by the applicable due dates.

Views of Responsible Officials:

The Office of Grants Management disagrees with the finding because OGM was not in charge of reporting in the beginning; we had no access to upload the reports nor knew exactly what to load. The Secretary of Finance Office personnel at that time had all the controls and knowledge of what was needed.

Auditor Response:

The CNMI did not comply with the quarterly progress and brief monthly reporting requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-031

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.027 Coronavirus State And Local Fiscal Recovery Funds
 Federal Award No.: COVID-19
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$1,035,442

Criteria:

In accordance with 2 CFR Part 200, Subpart E, cost must be necessary and reasonable for the performance of the federal award and be allocable thereto. Further costs must conform to any limitations or exclusions and be adequately documented.

Condition:

Of thirty-seven nonpayroll expenditures tested, aggregating \$11.9M of a total population of \$49.3M, for three (or 8%), journal vouchers, invoices and contracts were not provided.

Business Unit	Object Account	G/L Date	Document No.	Amount and Questioned Costs
MI210228	61090	09/30/21	343654	\$ 293,947
MI210233	65800	08/02/21	342128	200,000
MI210189	65800	09/29/21	342979	<u>541,495</u>
				\$ <u>1,035,442</u>

Cause:

CNMI did not enforce monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$1,035,442 result.

Recommendation:

CNMI should strengthen monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Views of responsible officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-032

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
 Federal Award No.: COVID-19
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$2,775,965

Criteria:

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200. CNMI’s procurement regulations state the following:

- All government procurement shall be awarded by competitive sealed bidding except under certain circumstances permitting other than full and open competition.
- Bidding is not required but is encouraged for procurement of \$2,500 and under \$10,000. The individual with the expenditure authority must obtain price quotations from at least three vendors and should base the selection on competitive price and quality for procurement valued at \$2,500 to \$10,000. Any price quotations must be written, documented, and submitted to the Procurement and Supply (P&S) Director for approval.
- For purchases that exceed \$10,000 but which are less than or equal to \$50,000, a minimum of three vendors shall be solicited to submit written or electronic quotations. If there are fewer than three vendors, the expenditure authority shall certify, in writing, to the P&S Director that fewer than three vendors responded and shall provide written proof of the request.

Condition:

Of fifty-one nonpayroll expenditures tested, aggregating \$3.1M of a total population of \$6.7M expenditures subject to procurement, the following were noted:

1. For thirty-four (or 67%), no procurement documents were provided.

GLCO	Business Unit	Object	GL Date	Document No.	Amount and Questioned Costs
02025	MI210208	62060	06/15/21	1674103	\$ 1,170
02025	MI210229	62060	08/02/21	1688567	45,000
02025	MI210229	62060	08/16/21	1719280	135,000
02025	MI210229	62060	08/27/21	1723617	180,000
02025	MI210172	62060	09/01/21	1725728	91,318
02025	MI210172	62060	09/01/21	1725732	58,610
02025	MI210172	62060	09/01/21	1725733	135,395
02025	MI210172	62060	09/01/21	1725736	52,439
02025	MI210172	62060	09/01/21	1725780	97,830
02025	MI210172	62060	09/01/21	1725785	8,120
02025	MI210172	62060	09/01/21	1725793	87,412
02025	MI210172	62060	09/01/21	1725798	43,987

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-032, continued

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
 Federal Award No.: COVID-19
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$2,775,965

Condition, continued:

Condition 1, continued:

GLCO	Business Unit	Object	GL Date	Document No.	Amount and Questioned Costs
02025	MI210172	62060	09/01/21	1725808	7,657
02025	MI210172	62060	09/01/21	1725833	14,990
02025	MI210172	62060	09/01/21	1725844	8,582
02025	MI210172	62060	09/01/21	1725851	101,066
02025	MI210172	62060	09/01/21	1725855	19,380
02025	MI210172	62060	09/07/21	1726978	47,907
02025	MI210172	62060	09/07/21	1726993	15,040
02025	MI210005	62060	09/09/21	921922	5,063
02025	MI210229	62060	09/10/21	1727770	45,000
02025	MI210229	62060	09/10/21	1727772	135,000
02025	MI210229	62060	09/27/21	1735047	45,000
02025	MI210243	62250	08/19/21	1721009	18,806
02025	MI210117	62420	08/05/21	1717349	1,980
02025	MI210152	62500	07/08/21	1680476	3,231
02025	MI210103	62500	09/14/21	1728499	1,680
02025	MI210049	62660	08/20/21	261094	95
02025	MI210134	63030	08/24/21	1722328	1,500
02025	MI210117	63050	08/24/21	1722338	690
02025	MI210071	63050	09/10/21	261528	9,826
02025	MI210238	64520	06/09/21	1666323	500,000
02025	MI210207	65600	06/02/21	1665777	1,620
02025	MI210108	64540	09/17/21	1732183	1,440
					<u>\$ 1,921,834</u>

2. For one (or 2%) (document no. 1718052 dated 08/10/21 amounting to \$26,100), the contract and underlying procurement files were not provided, for which the amount is questioned.

3. For four (or 8%), vendor quotations were not provided.

GLCO	Business Unit	Object	GL Date	Document No.	Amount and Questioned Costs
02025	MI210177	62660	09/29/21	1735537	\$ 13,440
02025	MI210152	64570	09/01/21	261283	8,789
02025	MI210136	63120	09/13/21	263066	16,769
02025	MI210196	64520	09/27/21	1734968	24,688
					<u>\$ 63,686</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-032, continued

Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19
Area: Procurement and Suspension and Debarment
Questioned Costs: \$2,775,965

Condition, continued:

4. For one (or 2%) (document no. 1719396 dated 08/17/21 amounting \$764,345), the procurement method used was not specified and the P&S Director’s written determination were not provided, for which the amount is questioned.

Cause:

CNMI did not enforce compliance with established procurement regulations.

Effect:

CNMI is in noncompliance with established procurement regulations and questioned costs of \$2,775,965 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 1,921,834
2	26,100
3	63,686
4	764,345
	<u>\$ 2,775,965</u>

Recommendation:

Responsible personnel should monitor and enforce compliance with applicable procurement regulations, including the review of procurement files for completeness as to written rationale for deviations from applicable procurement requirements. Further, responsible personnel should maintain procurement documents to substantiate compliance.

Views of Responsible Officials:

Condition 2, 3 for Doc No. 263066 and 4 – The CNMI Corrective Action Plan states agreement.

Condition 1 – The Department of Finance – Procurement Services disagrees with this finding. No procurement documents were provided because these thirty-four transactions were for payments made out for Travel, Medical Referral Patients, etc.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-032, continued

Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19
Area: Procurement and Suspension and Debarment
Questioned Costs: \$2,775,965

Views of responsible officials:

Condition 3 - The Department of Finance – Procurement Services disagrees with these findings. For 732176-000 OP \$13,440 - No other quotes provided as it was the PS Acting Director's (FC Aguon) discretion, and the purchase requisition was approved by the former SOF (D. Atalig).

For 724870-000 OP \$8,789 - No other quotes provided as it was the PS Acting Director's (FC Aguon) discretion, and the purchase requisition was approved by the former SOF (D. Atalig).

The Emergency Declaration suspended the procurement regulations and authorized the Expenditure Authority to procure any items/procure services exceeding the threshold without obtaining any price quotes. For PO #732176 & 728470, these are not part of the Gov's Executive Order #2022-04. The Division of Procurement Services will accept the findings as noncompliance with the CNMI Procurement Regulations.

Auditor Response:

Condition 1 – No supporting documentation were provided to substantiate that the transactions pertain to travel and medical referral patients. In addition, based on the general ledger descriptions, Document Nos. 921922, 1727770, 1727772, 1735047, 1721009, 1717349, 261094, 1722328, 1722338, 261528, 1666323, 1665777 and 1732183 pertain to legal professional fees, Tourism Resumption Investment Plan (TRIP) program, professional services, postage meter, lease rental, air condition service, fuel, office supplies, Pelican LED rechargeable, project improvements, tents and picnic tables rental and vacuum purchases. Further, we were not able to determine the type of expenditure for document no. 1674103 as the only description stated was "JUN 2021".

Condition 3 – Pursuant to § 70-30.3-220, if fewer than three vendors submit quotations, the expenditure authority shall certify, in writing, to the Director that fewer than three vendors responded and shall provide written proof of the request. If fewer than three of the solicited vendors submit quotes, the Director may either approve the request or instruct the expenditure authority to solicit additional quotes.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-033

Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$0

Criteria:

In accordance with 2 CFR § 200.332, pass-through entity (PTE) must establish and implement subrecipient monitoring policies and procedures, including the following:

- At the time of the award, clearly identifying to the subrecipient all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award.
- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

Condition:

1. The CNMI has no existing written subrecipient monitoring policies and procedures.
2. Of one (or 100%) subrecipient tested, aggregating \$541,495 of a total population of \$11.4M, the subaward agreement was only executed on August 5, 2022, which was subsequent to when funds were disbursed to vendors.
3. Subsequent to FY 2021 and during our audit fieldwork was when the CNMI identified certain transactions to be beneficiaries in nature rather than as subrecipients. Accordingly, the CNMI revised its subrecipients listing from eleven to six amounting from \$12,671,495 to \$11,421,495.

Cause:

The CNMI lacks written subrecipient monitoring policies and procedures and lacks monitoring control procedures over distinctions between a beneficiary and a subrecipient.

Effect:

The CNMI is in noncompliance with applicable subrecipient monitoring requirements. No questioned costs are presented as all transactions were processed and paid out through the central government.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-033, continued

Federal Agency: U.S. Department of the Treasury
AL Program: 21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award No.: COVID-19
Area: Subrecipient Monitoring
Questioned Costs: \$0

Recommendation:

The responsible CNMI personnel should consider obtaining training in the area of subrecipient distinction and establish written policies and procedures over compliance with applicable subrecipient monitoring requirements.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-034

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award Nos.: 2001MPCCC3, 2101MPCCDF, 2101MPCCC5
 Area: Eligibility
 Questioned Costs: \$39,200

Criteria:

In accordance with CCDF State Plan, an applicant's eligibility for child care service shall be made within fifteen calendar days after submission of a complete application. The date of application shall be the date the signed form and all supporting documents are received by the Child Care Program.

Further, to be eligible for child care services, applicants must meet the following requirements, among others:

- If the parent qualifies for work, required documents include the most recent 1040 tax form and a current and valid CW work permit;
- If claiming to be a single parent, the program requires an Affidavit to be completed. Affidavit must be signed by the applicant;
- Applicant's identity (parent or guardian) should be verified using valid identification such as a current and valid photo ID (CNMI Driver's License; Mayor's ID; Passport);
- If the parent qualifies under work, verify income to three (3) most recent pay stubs, employment verification (prescribed), and most recent 1040 tax form.

Condition:

Of forty eligibility case files tested, aggregating \$17,750 in total benefits paid of a total population of \$2.8M, the following were noted:

1. For three (or 8%), documentation of the valid work permits for the following applicants who are non-U.S. citizens before eligibility period would begin were not on file.

<u>Month Tested</u>	<u>Case ID</u>	<u>Certification Effective Dates</u>	<u>Valid period of work permits</u>	<u>Benefits Paid and Questioned Costs</u>
April 2021	3170B	12/02/19 – 05/31/21	01/07/19 - 09/30/19	\$ 3,200
January 2021	3242B	12/01/20 – 09/30/22	11/14/19 - 09/30/20	6,000
May 2021	3097A	12/01/19 – 09/30/22	10/01/18 - 09/30/19	4,800
				<u>\$ 14,000</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-034, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award Nos.: 2001MPCCC3, 2101MPCCDF, 2101MPCCC5
 Area: Eligibility
 Questioned Costs: \$39,200

Condition, continued:

2. For three (or 8%), the single parent affidavits were not dated. No questioned cost is presented for Case ID 3170B as amount is questioned at Condition 1.

Case ID	Month Tested	Certification Effective Dates	Benefits Paid	Questioned Costs
3170B	April 2021	12/02/19 – 05/31/21	\$ 3,200	\$ -
3116A	November 2020	09/01/20 – 09/30/22	\$ 4,800	4,800
3069A	December 2020	10/01/20 – 09/30/22	\$4,800	<u>4,800</u>
				<u>\$ 9,600</u>

3. For three (or 8%), recent 1040 tax forms were not on file.

Case ID	Month Tested	Certification Effective Dates	Benefits Paid and Questioned Costs
3228A	March 2021	09/30/20 – 09/30/22	\$ 4,800
3065B	April 2021	10/01/20 – 09/30/22	6,000
3069A	May 2021	10/01/20 – 09/30/22	<u>4,800</u>
			<u>\$15,600</u>

4. For one (or 3%), the applicant was ineligible to work in the CNMI. No questioned cost is presented as the amount is questioned at Condition 3.

Case ID	Month Tested	Certification Effective Dates	Benefits Paid
3228A	March 2021	09/30/20 – 09/30/22	\$ 4,800

Cause:

The CNMI did not effectively perform controls over compliance with applicable eligibility requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-034, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.489/93.575/93.596 CCDF Cluster
Federal Award Nos.: 2001MPCCC3, 2101MPCCDF, 2101MPCCC5
Area: Eligibility
Questioned Costs: \$39,200

Effect:

The CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$39,200 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 14,000
2	9,600
3	15,600
	<u>\$ 39,200</u>

Identification as a Repeat Finding: 2020-049

Recommendation:

The CNMI should strengthen controls over compliance with applicable eligibility requirements. Responsible personnel should utilize the application checklist and review it against the applicant's files to verify that all required forms and information are completed and filed accordingly.

Views of Responsible Officials:

Condition 2 – The CNMI Corrective Action Plan states agreement.

Condition 1 – CCDF disagrees with this finding.

Case ID 3170B: CW1-upon submission of the CCDF Waitlist application the CW1 was valid.

Case ID 3242B: CW1-upon submission of the CCDF Waitlist application the CW1 was valid.

Case ID 3097A: CW1-upon submission of the CCDF Waitlist application the CW1 was valid.

Condition 3 – CCDF disagrees with this finding. 1040 tax forms are not required for the CCDF Renewal application, and it is only required for self-employed applicants. Please see the application checklist on the questioned cases.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-034, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.489/93.575/93.596 CCDF Cluster
Federal Award Nos.: 2001MPCCC3, 2101MPCCDF, 2101MPCCC5
Area: Eligibility
Questioned Costs: \$39,200

Views of Responsible Officials, continued:

Condition 4 - CCDF disagrees with this finding. At the time of the submission of the renewal application, the applicant had a valid CW1. The application was submitted on June 15, 2020, the CW1 that was submitted did not expire until September 9, 2020. All documents for verification are on file. Applicant was off island for medical purposes at the time of Certificate of Confirmation (renewal certificate) routing, upon her return she submitted a copy of her passport that indicated that she became a CW2 holder, CCDF then proceeded with termination because of her CW2 status.

Auditor Response:

Condition 1 – Verification of work authorizations for waitlisted applicants before the eligibility period would begin were not performed.

Condition 3 – Per the 2019 - 2021 CCDF State Plan, the 1040 tax forms are required for eligibility determination.

Condition 4 – Date of application was on 09/11/20 and eligibility determination was performed on 09/18/20, for which those dates were after the CW-1 visa expiration date of 09/09/20.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-035

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.489/93.575/93.596 CCDF Cluster
Federal Award Nos.: G-1802MPCCDF and G-1901MPCCDD
Area: Special Tests and Provisions – Health and Safety Requirements
Questioned Costs: \$1,303,790

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, lead agencies must have procedures in effect to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements. This includes verifying and documenting that child care providers serving children who receive subsidies meet requirements pertaining to health and safety in eleven specific areas, including first aid and CPR, safe sleeping practices, and administration of medication, and child care workers must be trained in these areas.

In addition, per FY2021 State Plan, two (2) unannounced inspections of licensed childcare center providers will be conducted to monitor compliance relative to the health, safety, and well-being of the children in care. Health and Safety inspections are performed by the Child Care Licensing Program (CCLP). Further, providers must annually complete a minimum of 30 hours of training and technical assistance.

Condition:

1. For one (or 50%) of two child care providers tested, aggregating \$951,410 of a total population of \$2.6M, health and safety inspections were not performed during the fiscal year. However, only one unannounced inspection was scheduled on August 3, 2021 for this provider to validate compliance with monitoring and enforcement. No questioned costs result as the amount is questioned at Condition 3.
2. The number of providers receiving subsidies from the program did not agree to the number obtained from CCLP. The matter was resolved during field work.
3. For nine (or 43%) of twenty-one provider staff tested, aggregating \$2.4M of a total population of \$2.6M, one or more required training in the following areas was deficient: 1) First aid and CPR; 2) Safe sleeping practices; and 3) Administration of Medication.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-035, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award Nos.: G-1802MPCCDF and G-1901MPCCDD
 Area: Special Tests and Provisions – Health and Safety Requirements
 Questioned Costs: \$1,303,790

Condition, continued:

Condition 3, continued:

<u>Provider</u>	<u>Number of Staff</u>	<u>Training Requirements</u>	<u>Total Paid to Provider and Questioned Costs</u>
1	1	First Aid and CPR	\$ 448,110
2	2	First Aid, CPR, and Staff Sleeping Practice	503,300
3	6	First Aid, CPR and Administration of Medication	<u>352,380</u>
			<u>\$1,303,790</u>

Cause:

The CNMI did not enforce compliance with applicable special tests and provisions for health and safety requirements including training requirements.

Effect:

The CNMI is in noncompliance with applicable special tests and provision for health and safety requirements and questioned costs of \$1,303,790 result for Condition 3.

Identification as a Repeat Finding: 2020-051

Recommendation:

The CNMI should establish and implement procedures to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements including training requirements. In addition, responsible personnel should maintain documentation to substantiate compliance.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-035, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.489/93.575/93.596 CCDF Cluster
Federal Award Nos.: G-1802MPCCDF and G-1901MPCCDD
Area: Special Tests and Provisions – Health and Safety Requirements
Questioned Costs: \$1,303,790

Views of Responsible Officials:

Condition 2 – The CNMI Corrective Action Plan states agreement.

Condition 1 – CCLP disagrees with this finding. Because CCLP does not administer any amount of federal monies, CCLP does not comprehend the rationale behind these monetary figures. However, because it mentions that documentation was not provided for the unannounced inspections, evidence was provided to the auditors. Therefore, as a matter of record, CCLP hereby disagrees with this section in its entirety.

Relative to the provider selected for testing, on January 22, 2021, the provider closed its doors and stopped providing childcare services. The announced inspection was scheduled for April 6, 2021 while the unannounced inspection was scheduled for August 3, 2021. In light of that information, an inspection report was never generated because the provider ceased its operation before the scheduled CCLP inspection. However, the provider was included in the listing of 21 providers due to the fact that it fell within the fiscal year (FY21) that was requested from CCLP.

Condition 2 – A response from CCLP is not necessary for this section as it states that the matter has been resolved.

Condition 3 – CCLP disagrees with these findings. The topics listed above are topics under the pre-service training requirements under the Child Care and Development Fund program, not under the Child Care Licensing Program.

Auditor Response:

Condition 1 – The program’s state plan, effective FY2021, indicated two unannounced inspections will be conducted. Only one unannounced inspection was scheduled in FY2021.

Condition 3 – The training requirement is applicable to the program as per 42 USC 9858C(c)(2)(I). Further, federal requirements must be followed.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-036

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 2105CQTMAP
Area: Special Tests and Provisions – ADP Risk Analysis and System Security Review
Questioned Costs: \$0

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, State agencies must establish and maintain a program for conducting periodic risk analysis to ensure appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies must perform risk analysis whenever significant system changes occur. On a biennial basis, State agencies shall review the ADP system security installations involved in the administration of HHS programs. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. The State agencies shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

Condition:

The biennial review of the Program’s ADP system security was not performed.

Cause:

The CNMI lacked monitoring procedures in place to determine that the biennial review of the Program’s ADP system security is being performed.

Effect:

The CNMI is in noncompliance with special tests and provisions requirements for the biennial ADP system security review. No questioned costs are presented as this finding does not pertain to federal expenditures.

Identification as a Repeat Finding: Finding No. 2020-056

Recommendation:

The responsible CNMI personnel should enforce policies and procedures over the biennial review of the Program’s ADP system security in accordance with applicable special tests and provisions requirements for the ADP system security.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-037

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.030 Community Disaster Loans
Federal Award No.: EMO-2020-LF-4404MP01
Area: Procurement and Suspension and Debarment
Questioned Costs: \$18,353,963

Criteria:

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200. CNMI's procurement regulations state the following:

- Officials with expenditure authority shall provide for full and open competition through use of the competitive procedure that is best suited to the circumstances of the contract action. The competitive procedures available for use in fulfilling the requirement for full and open competition are as follows:
 - (a) Competitive sealed bidding;
 - (b) Competitive sealed proposals;
 - (c) Architect-engineer services; and
 - (d) Competitive selection procedures for professional services.
- Emergency Procurement.
 - Notwithstanding any other provision of the regulations in this subchapter, the government may make emergency procurement when there exists a threat to public health, safety or welfare under emergency conditions. An emergency procurement must be as competitive as practicable under the circumstances.
 - A written justification of the basis for the emergency and for the selection of the particular contractor must be made by the official with expenditure authority.
 - If the Procurement and Supply (P&S) Director is satisfied, he shall state his approval in writing.

Condition:

Of fourteen expenditures tested, aggregating \$18.4M of a total population of \$20.2M in nonpayroll expenditures subject to procurement, the following were noted:

1. For eleven (or 79%, either the procurement files, written justifications, and the P&S Director's written approvals of the Emergency Procurement method used were not provided. In addition, the contracts for Document Nos. 904160, 912446, 922508 and 907725 indicated procurement methods used were for competitive sealed proposals; however, the procurement files support emergency procurement. Further, the procurement information page that specifies the procurement method used for Document Nos. 912931 and 913016 were left blank but were initialed by the Legal reviewer.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-037, continued

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.030 Community Disaster Loans
 Federal Award No.: EMO-2020-LF-4404MP01
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$18,353,963

Condition, continued:

Condition 1, continued:

GLCO	Business Unit	Object	GL Date	Document No.	Amount and Questioned Costs
01010	1699J	62480	11/06/20	904160	\$ 104,040
01010	1699J	62480	04/15/21	912446	208,080
01010	1699J	62480	09/14/21	922508	69,360
01010	1975A	62480	01/26/21	907725	16,614
01010	1699J	62480	04/23/21	912931	544,635
01010	1699J	62480	04/26/21	913016	1,240,558
01010	1699J	62480	04/26/21	912992	6,891,767
01010	1699J	62480	12/17/20	905943	3,057,600
01010	1699J	62480	04/23/21	912933	3,124,800
01010	1699J	62480	04/23/21	912934	2,328,480
01010	1699J	62480	09/08/21	921893	<u>695,520</u>
					<u>\$ 18,281,454</u>

2. For three (or 21%), purchase orders do not specify the procurement methods used.

GLCO	Business Unit	Object	GL Date	Document No.	Amount
01010	1975A	62480	04/15/21	912472	\$ 48,947
01010	1975A	62480	08/04/21	919415	1,505
01010	1975A	62480	09/13/21	922213	<u>22,057</u>
					\$ <u>72,509</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-037, continued

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.030 Community Disaster Loans
Federal Award No.: EMO-2020-LF-4404MP01
Area: Procurement and Suspension and Debarment
Questioned Costs: \$18,353,963

Cause:

CNMI did not enforce compliance with applicable procurement requirements.

Effect:

CNMI is in noncompliance with applicable procurement requirements and questioned costs of \$18,353,963 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ 18,281,454
2	<u>72,509</u>
	<u>\$ 18,353,963</u>

Recommendation:

Responsible personnel should monitor and enforce compliance with applicable procurement requirements, including the review of procurement files for completeness as to written rationale for deviations from applicable procurement requirements. Further, responsible personnel should maintain procurement documents to substantiate compliance.

Views of Responsible Officials:

Condition 1 – The CNMI Corrective Action Plan states agreement.

Condition 2 - The Department of Finance – Procurement Services disagrees with this finding. For 715112-000 OP / 727492-000 OP / 730942-000 OP. These three purchase orders were provided in the list for ALN 97.030 and were available for testing during auditor’s fieldwork. Auditors failed to perform the required testing.

Auditor Response:

Condition 2 – Purchase orders do not demonstrate compliance with procurement regulations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-038

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
 Federal Award No.: FEMA-4404-DR
 Area: Matching, Level of Effort, Earmarking
 Questioned Costs: \$944,661

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, costs must be on a shared basis, as specified in the FEMA-State Agreement. In addition, the CNMI is required to match a 10% local share based on its agreement with FEMA.

Condition:

Of thirty-two expenditures tested, aggregating \$31.9M of a total population of \$48.7M, documentations of local share payments for four (or 13%) were not provided to substantiate the accuracy of computed local share costs.

Business Unit	General Ledger Date	Document Type	Document No.	Object	Amount	10% Local Share Questioned Costs
M4404Q	10/27/20	JE	333312	62060	\$ 5,545,233	\$ 554,523
M4404Q	11/10/20	PV	904239	62060	\$ 2,084,990	208,499
M4404Q	11/10/20	PV	904239	62060	\$ 1,518,850	151,885
M4404Q	12/21/20	JE	334814	63050	\$ 297,540	<u>29,754</u>
						\$ <u>944,661</u>

Cause:

The CNMI did not enforce compliance with applicable matching requirements.

Effect:

The CNMI is in noncompliance with applicable matching requirements and questioned costs of \$944,661 result.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-038, continued

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.036 Disaster Grants - Public Assistance (Presidentially
Declared Disasters)
Federal Award No.: FEMA-4404-DR
Area: Matching, Level of Effort, Earmarking
Questioned Costs: \$944,661

Recommendation:

The CNMI should establish and implement controls over compliance with applicable matching requirements. Responsible personnel should review local and federal share files for accuracy of check disbursements. Further, responsible personnel should maintain documents to substantiate the accuracy and completeness of expenditures.

Views of responsible officials:

The CNMI PAO disagrees with this finding. For that specific transaction, the CNMI Government paid the vendor 100% of the invoice(s), which the CNMI PAO later reimbursed the Government for 90%. As for the following line items we acknowledge that this may be a finding. As we were looking through our documents and through the PW history, we had previously been awarded hazard mitigation to replace wooden poles with concrete poles. Approved hazard mitigation work would be covered at 100%. In the latest version, concrete poles are still written in the scope of work, but the cost of hazard mitigation was removed. We believe this to be an error which we will discuss and work out with our grantor.

Auditor Response:

We noted inconsistencies for Document No. 904239 under PW 9, wherein the cost share was noted to be 90% Federal and 10% local. However, the documents provided indicates costs for PW 9 were recorded as 100% Federal share. Accordingly, the finding stands.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-039

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Federal Award No.: FEMA-4235-DR, FEMA-4396-DR, FEMA-4404-DR, FEMA-4511-DR
Area: Reporting
Questioned Costs: \$-0-

Criteria:

In accordance with the Federal Funding Accountability and Transparency Act (FFATA), an FFATA report that pertains to the appropriate award period is required for submission.

Condition:

The relevant Federal awards for Disasters 4511, 4235, 4396 and 4404 were unable to be identified in the FFATA Subaward Reporting System. Based on the screenshots provided, a service ticket was opened due to the Public Accountability Office's inability in submitting Federal award information to the awardee worklist. No other documents relating to FFATA were provided.

Cause:

CNMI did not effectively monitor compliance with applicable reporting requirements.

Effect:

CNMI is in noncompliance with reporting requirements. No questioned costs are presented as we are unable to quantify the extent of noncompliance.

Recommendation:

The CNMI should strengthen monitoring controls over compliance with applicable reporting requirements.

Views of responsible officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-040

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.050 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
Federal Award No.: 4511DRMPSPLW
Area: Allowable Costs/Cost Principles
Questioned Costs: \$247,774

Criteria:

In accordance with 2 CFR Part 200, Subpart E, cost must be necessary and reasonable for the performance of the federal award and be allocable thereto. Further costs must conform to any limitations or exclusions and be adequately documented.

Condition:

The CNMI had overdrawn \$247,774 from the Lost Wages Assistance (LWA) program, which exceeded the funding limit, thus amount is questioned.

Cause:

CNMI did not enforce monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$247,774 result.

Recommendation:

CNMI should strengthen monitoring controls over compliance with applicable allowable costs/cost principles requirements.

Views of responsible officials:

The CNMI disagrees with this finding. The Lost Wages Assistance Program is not a reimbursement program. A drawdown of funds obligated was needed prior to services being rendered. After all payments were made, eligible expenses were calculated and submitted in the Lost Wages Assistance Program Final Closeout that was submitted to FEMA. After the closeout, the CNMI understands that the remaining funds will need to return the overdrawn amount. The final closeout document was received from FEMA on June 13, 2024.

Auditor Response:

The CNMI acknowledges the overdrawn amount of \$247,774 and its obligation to reimburse FEMA.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-041

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.050 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
 Federal Award No.: 4511DRMPSPLW
 Area: Eligibility
 Questioned Costs: \$2,430

Criteria:

In accordance with the July 2021 OMB Compliance Supplement, recipients of the Other Needs Assistance (ONA) – Supplemental Payments for Lost Wages Assistance (LWA) must demonstrate the following:

1. The individual was a recipient of at least \$100 per week for any of the following benefits, beginning back to August 1, 2020:
 - a. Unemployment compensation, including Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service members (UCX);
 - b. Pandemic Emergency Unemployment Compensation (PEUC);
 - c. Pandemic Unemployment Assistance (PUA);
 - d. Extended Benefits (EB);
 - e. Short-Time Compensation (STC); and
2. The individual must submit a self-certification that the individual is unemployed, partially unemployed, or unable or unavailable to work due to disruptions caused by COVID-19.

Condition:

Of sixty eligibility claims tested, aggregating \$16,710 in total benefits paid of a total population of \$5.4M, for three (or 5%), LWA payments were made to claimants who were deemed as ineligible to receive PUA and FPUC benefits.

<u>Application ID</u>	<u>Weeks provided LWA</u>	<u>Benefits Paid and Questioned Costs</u>
110307	08/01/2020 - 08/15/2020	\$ 810
104455	08/01/2020 - 08/15/2020	810
89824	08/01/2020 - 08/15/2020	<u>810</u>
		<u>\$2,430</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-041, continued

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.050 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
Federal Award No.: 4511DRMPSPLW
Area: Eligibility
Questioned Costs: \$2,430

Cause:

The CNMI did not enforce compliance with applicable eligibility requirements.

Effect:

The CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$2,430 result as the projected questioned costs exceed the \$25,000 threshold.

Recommendation:

The CNMI should establish and implement controls over compliance with applicable eligibility requirements.

Views of Responsible Officials:

The CNMI Corrective Action Plan states agreement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-042

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.050 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
 Federal Award No.: 4511DRMPSPLW
 Area: Reporting
 Questioned Costs: \$-0-

Criteria:

In accordance with the “Federal Financial Reporting Requirements” section of the LWA Grant Award Notification, the grantee shall submit an accurate SF 425 Federal Financial Report on a quarterly basis, which should be supported with underlying accounting records.

Condition:

The total federal share of expenditures reported on the SF 425 differs from the underlying accounting records for which no reconciliation was provided for the variance. No questioned costs are presented as the amount is questioned at Finding 2021-043.

Description	Reporting Period	Per SF-425	Per Underlying Accounting Records	Variance
M45111/M45112	9/27/2021	\$5,513,203	\$ 5,461,547	\$ 51,656

Cause:

CNMI did not effectively monitor the accuracy and completeness of the SF 425 reports based on underlying accounting records.

Effect:

CNMI is in noncompliance with SF 425 reporting requirements and the SEFA could potentially be understated.

Recommendation:

The CNMI should strengthen monitoring controls over compliance with applicable reporting requirements. Responsible personnel should maintain underlying accounting records to substantiate reported amounts.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2021-042, continued

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.050 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs
Federal Award No.: 4511DRMPSPLW
Area: Reporting
Questioned Costs: \$-0-

Views of responsible officials:

The CNMI disagrees with this finding. The SF-425 is prepared by Financial Services and reflects the total amount that has been drawn down for the Lost Wages Assistance Program. The Lost Wages Assistance Program is not a reimbursement program and a drawdown of funds obligated was needed prior to services being rendered. After the overdraft amount is returned to FEMA, there will be a SF-425 that reflects the actual amount expensed.

Auditor's Response:

Reconciliation for the variance was not provided.

Commonwealth of the Northern Mariana Islands
Unresolved Prior Year Findings and Questioned Costs

Year Ended September 30, 2021

Questioned costs as previously reported:	
Fiscal year 2020	\$ 47,874,171
Fiscal year 2019	3,739,720
Fiscal year 2018	-
Fiscal year 2017 and prior	<u>18,208,174</u>
	69,822,065
Less questioned costs resolved in fiscal year 2021:	
Questioned costs resolved per USDHHS correspondence dated 11/16/2023:	
Fiscal Year 2020 Single Audit	(465,763)
Questioned costs resolved per U.S. FEMA correspondence dated 2/14/2023 and 4/1/2024:	
Fiscal Year 2020 Single Audit	(675,000)
Fiscal Year 2019 Single Audit	(3,274,353)
Questioned costs resolved per USDA FNS correspondence dated 10/22/2019:	
Fiscal Year 2012 Single Audit	(15,742)
Questioned costs of fiscal year 2019 Single Audit (a)	(50,004)
Questioned costs of fiscal year 2017 Single Audit (a)	(33,140)
Questioned costs of fiscal year 2016 Single Audit (a)	(6,023,258)
Questioned costs of fiscal year 2014 Single Audit (a)	(335,057)
Questioned costs of fiscal year 2013 Single Audit (a)	(515,382)
Questioned costs of fiscal year 2012 Single Audit (a)	(2,890,675)
Questioned costs of fiscal year 2011 Single Audit (a)	(1,173,448)
Questioned costs of fiscal year 2010 Single Audit (a)	(1,932,622)
Questioned costs of fiscal year 2008 Single Audit (a)	<u>(73,165)</u>
	52,364,456
Questioned costs of fiscal year 2021 Single Audit	<u>51,962,626</u>
Unresolved questioned costs at September 30, 2021	<u><u>\$ 104,327,082</u></u>

- (a) 2 CFR § 200.511 (b)(3) - questioned costs are treated as resolved as the CNMI considers these findings are no longer valid or do not warrant further action as 1) Two years have passed since the audit report in which the finding occurred was submitted to the FAC; 2) The Federal agency or pass-through entity is not currently following up with the CNMI on the audit finding; and 3) A management decision was not issued.



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Finding No.: 2021-001
AL Program: N/A
Area: General Ledger and Financial Statement Close Process
Contact Person(s): Financial Services Division

Corrective Action Plan:

The Department of Finance agrees with this finding which resulted from several challenges that include staff turnovers and the implementation of the new financial management system from the legacy system. The Department of Finance's new system Tyler Munis has the capability to manage the year-end process with a module that includes a Year-End Closing Checklist to ensure timely reconciliations are performed and transactions are recorded in the proper accounting period. DOF has begun using this module for FY 2022 and moving forward.

Proposed Completion Date: September 30, 2024

Finding No.: 2021-002
AL Program: N/A
Area: Schedule of Expenditures of Federal Awards
Contact Person(s): Secretary of Finance Office

Corrective Action Plan:

The Department of Finance agrees with this finding and provides the following specific responses to each condition:

Conditions 1 and 5: The multiple submissions of the SEFA report resulted from discrepancies identified in our legacy system. With our transition to the new financial system, we have implemented measures to ensure that the SEFA report accurately reflects expenditures under the respective grant project numbers, thereby resolving this issue going forward.

Conditions 2 and 3: To maintain accuracy in our SEFA reporting, our new financial system requires detailed entry of grant-specific information, which ensures precise capture in the SEFA report generation process.

Condition 4: Moving forward, we will institute procedures to segregate the recording of Covid-19 and non-Covid-19 expenditures to enhance clarity and transparency in our financial reporting.

In conclusion, the Department of Finance will incorporate these actions into our year-end closing checklist to guarantee the accuracy and completeness of the SEFA report.

Proposed Completion Date: September 30, 2024



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Finding No.: 2021-003
AL Program: N/A
Area: Cash and Cash Equivalents Schedule of Expenditures of Federal Awards
Contact Person(s): Treasury / Financial Services Division

Corrective Action Plan:

The Department of Finance agrees with this finding. The Department has established a dedicated team tasked with monitoring the progress and oversight of bank reconciliations. This collaborative effort includes representatives from the Secretary of Finance Office, Financial Services – Bank Reconciliation Section, and Treasury.

Following discussions in our recent meeting, it has been decided that a comprehensive review of all GL cash accounts will be conducted to ensure alignment with associated bank accounts and to oversee the completion of bank reconciliations for each cash account. It was observed that in FY2021, bank reconciliations for certain cash accounts were delegated to other departments/agencies, and in some cases, the CNMI Treasurer was not listed as an authorized signatory. As part of our comprehensive review, measures will be implemented to ensure that the CNMI Treasurer is included as a signatory for all central government cash accounts.

Furthermore, we will incorporate a review of unidentified/clearing accounts into our Year-End Closing Checklist. Specific to Condition 3 outlined in the detailed response:

Condition 3: The bank reconciliation for bank code 11400 was submitted to the auditors; however, adjustments to the cash account were not made to prevent a negative GL cash balance. Upon review, it was identified that an audit adjustment was proposed to increase cash and record a liability. Moving forward, we will prioritize maintaining a positive ending cash balance and ensure adherence to US GAAP standards.

Proposed Completion Date: January 31, 2025

Finding No.: 2021-004
AL Program: N/A
Area: CNMI Workers' Compensation Commission
Contact Person(s): Francisco Cabrera, Secretary of Commerce, Department of Commerce

Corrective Action Plan:

The Department of Finance agrees with this finding, and we will work with CNMI Department of Commerce to obtain documentation and background information regarding this transaction to accurately review the entries made to reflect the WCC accounts transfer from NMIRF to CNMI Department of Commerce. Also, the monitoring of these accounts will be included in our Year-End Closing process.

Proposed Completion Date: January 31, 2025



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Finding No.: 2021-005
AL Program: N/A
Area: Net Pension Liability
Contact Person(s): Secretary of Finance Office

Corrective Action Plan:

The Department of Finance agrees with this finding. The Secretary of Finance office and NMISF are currently engaged in communication to obtain an actuarial valuation of the net pension liability. This process has been initiated, and we are committed to monitoring and ensuring progress towards this objective.

Proposed Completion Date: Ongoing

Finding No.: 2021-006
AL Program: N/A
Area: External Financial Reporting
Contact Person(s): Secretary of Finance Office

Corrective Action Plan:

The Department of Finance agrees with this finding. The Secretary of Finance Office will institute close monitoring of the audit progress for the component units identified in this finding. We will ensure that these component units submit their audited financial statements to our office in a timely manner.

Proposed Completion Date: Ongoing

Finding No.: 2021-007
AL Program: N/A
Area: Interfund Transactions and Balances
Contact Person(s): Secretary of Finance Office

Corrective Action Plan:

The Department of Finance agrees with this finding which resulted from several challenges that include staff turnovers and the implementation of the new financial management system from the legacy system. The Department of Finance's new system Tyler Munis has the capability to manage the year-end process with a module that includes a Year-End Closing Checklist to ensure timely reconciliations are performed and transactions are recorded in the proper accounting period. DOF has begun using this module for FY 2022 and moving forward.

Proposed Completion Date: September 30, 2024

Finding No.: 2021-008
AL Program: N/A
Area: Beginning Fund Balances
Contact Person(s): Secretary of Finance Office

Corrective Action Plan:

The Department of Finance agrees with this finding which resulted from several challenges that include staff turnovers and the implementation of the new financial management system. The Department of



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Finance has tasked the Secretary of Finance Office with the responsibility of ensuring that all audit adjustments are accurately reflected in our financial records. The Secretary of Finance Office will include this process in the Year-End Closing Checklist to ensure consistency in this process.

Proposed Completion Date: September 30, 2024

Finding No.: 2021-009
AL Program: N/A
Area: Capital Assets
Contact Person(s): Secretary of Finance Office
Corrective Action Plan:

The Division agrees with the finding and will work with the Secretary of Finance to allocate funding towards familiarizing and implementing this effort for the CNMI Government.

The Division, through the CNMI Property Management Manual (2003), provides for our policy on capitalized items. The CNMI Government follows this procedure in identifying all assets procured where a single acquisition cost exceeds \$5,000.00. The Division, at the end of every Fiscal Year, was then tasked with providing the total number of assets procured, to include the Total dollar value amount associated with these actions. The Capitalization Policy may be found on the Property Management Policy Manual Page 8- Section III. This process is being executed regularly by Property Management Staff.

While the Property Management Branch understands the process of ensuring items are properly depreciated, this effort was handled by prior personnel who are no longer with the agency. The effort was then performed via a contractor under the Secretary of Finance. To date, no personnel has been trained to conduct this evaluation and reporting on behalf of the Division.

Historically, our capital asset schedules were managed outside of the financial system. However, our new financial system includes a dedicated capital asset module where schedules are now maintained, and depreciation is calculated within the system.

To ensure the accuracy of our capital asset balances going forward, we will incorporate this process into our Year-End Closing Checklist. Additionally, we will conduct training for procurement personnel and departments to ensure they understand the proper procedures for recording capital assets in our financial system.

Proposed Completion Date: Ongoing



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Department of Finance**

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Finding No.: 2021-010
AL Program: N/A
Area: CNMI Local Noncompliance
Contact Person(s): Secretary of Finance Office
Corrective Action Plan:

The Department of Finance agrees with this finding. Currently, the Secretary of Finance Office submits a revenue and expenditure report to the legislature on a quarterly basis. During the preparation of this report, we conducted thorough reviews to analyze the movement and comparisons between revenue and expenditures actual activities against the budget law.

Additionally, leveraging the capabilities of our new financial system, we have activated budget control features that prevent departments and agencies from exceeding their allocated budgets, thereby ensuring fiscal responsibility and compliance.

Proposed Completion Date: Completed

Finding No.: 2021-011
AL Program: N/A
Area: Due to Component Units
Contact Person(s): Secretary of Finance Office
Corrective Action Plan:

The Department of Finance (DOF) agrees with this finding which resulted from several challenges that include staff turnovers and the implementation of the new financial management system. The DOF will develop and implement a Year-End Closing Checklist to ensure timely reconciliations are performed and transactions are recorded in the proper accounting period. Furthermore, as part of our commitment to reconciliation with component units, we are currently engaged in reconciliation discussions with several units to establish agreed-upon final balances that will serve as our reference moving forward.
Proposed Completion Date: September 30, 2024

Finding No.: 2021-012
AL Program: 10.539 - CNMI Nutrition Assistance
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,620
Contact Person(s): Margaret Aldan, NAP Administrator
Corrective Action Plan:

Condition 1:

The CNMI-NAP disagrees with this finding. The following employee is not a NAP employee. When work is performed for NAP, the hours spent will be compensated but in a Journal Entry procedure. This is a fund transfer from one account to another under the MOA.



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Conditions 2 and 3:

CNMI-NAP disagrees with the finding. The attached NOPAs and other payroll documents indicated the correct pay rate specified to the employees. Please refer to the supporting documents provided to clear this finding.

Proposed Completion Date: Ongoing

Finding No.: 2021-013
AL Program: 10.539 - CNMI Nutrition Assistance
Area: Procurement and Suspension and Debarment
Questioned Costs: \$97,850
Contact Person(s): Margaret Aldan, NAP Administrator
Corrective Action Plan:

Condition 1:

The CNMI-NAP disagrees with the finding. This transaction was supposed to be process in FY 2020 but because of the delay and completion date was done in FY 2021, a Change Order Contract No. 01 was processed, and the funds was carried over to FY 2021 (see attached copies of original contract and the change order. The Account number A1551L is a carryover account number from FY 2020 to FY 2021. Copy of the bid is also attached.

The bid summary was not necessary because a change order was processed changing the account from A0551E to A1551L per NAP email dated 1/11/21 (Pending Change Order Contract) - CNC 01/13/21 Change Order #1 to charge \$35,989.60 (Contract #707410-OC) to A1551L.64560 to extend the delivery period from thirty (30) days to ninety (90) days. (Researched in JDE and found the remarks made by Ms. Cozy N. Camacho - Financial Management)

Condition 2:

The CNMI-NAP disagrees with the finding. The Nutrition Assistance Program did follow the proper procurement method by processing Invitation to Bid and obtained the lowest bidder and processed the contract with a notice to proceed, please see attached copy of the Contract and the Summary of the bidders to prove that it went through the proper procurement process.

Condition 3:

The CNMI-NAP disagrees with the finding. The Nutrition Assistance Program tried to obtain quotations to purchase perforator machines on island and there was none. However, ARMATECH company submitted their price quotation stating that they are able to from off-island and NAP can purchase from them.

Proposed Completion Date: Ongoing



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Finding No.: 2021-014
AL Programs: 10.539 - CNMI Nutrition Assistance
 10.551/10.561 – SNAP Cluster
Area: Special Tests and Provisions – NAP Coupon Reconciliation
 Special Tests and Provisions – EBT Reconciliation
Questioned Costs: \$3,375,452 – ALN 10.539
 \$442,933 – ALN 10.551/10.561
Contact Person(s): Margaret Aldan, NAP Administrator

Corrective Action Plan:

Condition 1 & 2:

The CNMI-NAP disagrees with both findings. FNS-388 is only for regular NAP benefits and thus reports only on benefit distribution.

CNMI-NAP realized that FNS388 Reports for FY2021 records only Regular NAP Benefit (LAN 10.539). Team Auditors combined the Pandemic-Electronic Benefit (P-EBT) (10.551/10.561) SNAP Cluster together with regular NAP (10.539). Moreover, to derive from the Actual Redemption Report, Team Auditor needs to recognize the old series. These old series are usually received and verified in the months following. However, during the redemption process, one must abstract the old series and add to the previous month and vice versa deduct the amount from the current month received.

CNMI-NAP, with the assistance of the grantor agency (Food and Nutrition Service) had implemented a tool called Recon Tool to identify the total benefit versus actual redemption reports. In addition, a weekly virtual meeting with the grantor had enabled the CNMI-NAP to be able to work with the Recon Tool to ensure the reconciliation process is in place. This process began in January 2024 with the reports starting in October 2023. The format for the Recon Tool is in excel which enable the person to work with flexibility. See attached sample of the Recon Tool.

Proposed Completion Date: Ongoing

Finding No.: 2021-015
AL Program: 10.542 – Pandemic EBT Food Benefits
Area: Eligibility
Questioned Costs: \$151,626
Contact Person(s): Margaret Aldan, NAP Administrator

Corrective Action Plan:

CNMI-NAP disagrees with the finding. Under the Pandemic Electronic Benefit Transfer (P-EBT) Plan, CNMI NAP received the listing of the eligible children from CNMI Child Nutrition Program (CNP). CNMI-NAP only prepared and distributed the benefits. Applications and other requirements should be obtained from CNMI Public School System under CNP office. Due to the confidentiality and sensitivity of the records, the Auditor was informed to work with Mr. Dale Roberts to review the documents.



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In addition, emails and correspondence with the Auditor were made to work with CNP regarding the records. NAP provided the auditor with the sample listings. NAP informed the audit team to contact PSS Child Nutrition Program (CNP) to review applications and documents pertaining to eligibility determination for P-EBT as it was PSS CNP that determined the eligibility. Contact information for PSS CNP was provided to the audit team by NAP staff. CNMI NAP wants to understand under the “Cause” of the finding.

Proposed Completion Date: Ongoing

Finding No.: 2021-016
AL Program: 10.551/10.561 – SNAP Cluster
Area: Special Tests and Provisions – ADP System for SNAP
Questioned Costs: \$1,421
Contact Person(s): Margaret Aldan, NAP Administrator
Corrective Action Plan:

Condition 1:

The CNMI-NAP disagrees with this finding. NAP staff has to guide the auditors during the time the audit is being performed to understand the history and process of files being audited.

Case ID#B100092775 Variance of \$69.00 caused by change in income guideline and benefit Level Effective October 1st 2020 Income level is 781.00 benefit for Saipan is \$221. Corrective action taken by Eligibility worker processed income for household of 1 as SSI which gave household \$41.00 benefit. Income should be counted as SSA which at the time the adjustment was made and increased the benefit amount for the household.

Case ID#B100094249 Variance of \$180.00 a change in income and benefit level. Household income was \$108.00 which changed to \$120.00 for a household of 4. Adjustment was made to reflect changes including benefit level. From \$708.00 to \$1,231.00.

Case ID #B100095019 Variance of \$69.00 Benefit level was \$212.00, and household had \$20.00 contribution as unearned income. Benefit issued was 295.00 new benefit level effective October 1st, 2021 adjusted benefit issuance at \$364.00 (maximum benefit for household of one for zero income is \$369.00).

Case ID#B100095077 Variance of \$180.00. Benefit for household of 3 was issued for 2020 benefit and income level. November Benefit effectuated new income and benefit level. Issued benefit is based by household and income of head of household.

Case ID#B100094664 Variance of \$69.00. Household is zero income maximum benefit level issued was \$300.00 reflecting 2020 benefit level. On October 1st, 2021 eligibility system automatically adjust benefit to \$369.00 as per new benefit level.



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Case ID#B10109695 variance of \$126.00 household of 2 maximum benefit was \$389.00 with ineligible household members earning SS benefits totaling at \$167.00 (prorated income) benefit issued was \$651.00. Increase in benefit and income level was automatically adjusted by the eligibility system.

Case ID#B100093732 Variance of 272.00 household of 5 maximum Benefit level for zero income Household is \$1,462.00 deduction of 25 percent for over issuance (\$272.00) increase of benefit level automatically adjusted by Eligibility system and still taking offset of 25% for over issued benefits. Over issuance claim is already paid off.

Condition 2:

The CNMI-NAP disagrees with this finding. NAP staff has to guide the auditors during the time the audit is being performed to understand the history and process of files being audited.

Case ID#B100081068 Questioned cost of \$162.00. Head of household declared zero income. Benefit amount under issued in the amount of \$229.00 by eligibility system for maximum level of benefits should be \$1,231.00. Unable to do corrective action due to beyond 2 months from time the discrepancy was found: Corrective action for eligibility system to implement a system audit that will prevent future glitches that would create a loss for both the household and NAP program budget.

Condition 3:

The CNMI-NAP disagrees with this finding. NAP staff has to guide the auditors during the time the audit is being performed to understand the history and process of files being audited.

Case ID#B100082118 questioned cost is \$162.00 Questioned cost of \$294.00. household had income from ineligible parents which is prorated towards the two eligible household members. Total prorated unearned income is \$843.46 which was counted towards the household's benefits. Then household became zero income due to Furlough from COVID-19 pandemic.

We disagree with the findings. When the auditor reviewed the case files, there was a misunderstanding of changes in household composition and income which is also affected by the increase in income guidelines and benefit levels between the certification period. This created the variances that the auditor noted in the findings. *CNMI NAP recommends having NAP staff guide the auditor during time the audit is being performed to understand history and process of files being audited.

CNMI-NAP recently hired a Certification Unit Supervisor who had been on board for close to three months. He had been actively working closely with the EWs and especially the Management Evaluation Unit (MEU) who oversees the program reviews and quality control. Mini Trainings and assessments of the Certification Unit are in the works. One training was done sometimes in April by the MEU to ensure compliance is met. More trainings and workshops are in being planned between the Certification Unit and Management Evaluation Unit for a better process and procedures

Proposed Completion Date: Ongoing



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Finding No.: 2021-017
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Allowable Costs/Cost Principles
Questioned Costs: \$402,941
Contact Person(s): Jazmin Camacho, Sr. Financial Analyst, OMB

Corrective Action Plan:

Condition 1 & 2:

The OMB disagrees with this finding. Compact Impact grants often operate on a reimbursement basis. This means that when the award is received, we request payment or a transfer of expenses to cover prior expenses that have already been incurred and paid. Therefore, the memo that was processed for such request and other supporting documents can be provided.

Condition 3: We agree and acknowledge the concerns regarding CNMI’s enforcement of recordkeeping and monitoring controls over compliance with allowable costs and costs principles. We also recognize the issues related to monitoring cumulative expenditures and approved funding limits. We are taking immediate steps to address these shortcomings and will implement corrective actions to ensure compliance and proper monitoring going forward. We appreciate your patience and understanding as we work to rectify these issues.

Proposed Completion Date: Ongoing

Finding No.: 2021-018
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Equipment and Real Property Management
Questioned Costs: \$0
Contact Person(s): Nerissa Benavente Karakaya, CIP COTR

Corrective Action Plan:

Condition 1:

The Division of Procurement Services agrees with this finding. The Division of Procurement Services, Property Management will conduct inventories differently, persons accountable for property will actually perform the Annual Physical Inventory of property under their control based upon printouts furnished by PS - Property Management.

Condition 2:

The Division of Procurement Services agrees with this finding. A property listing has always been provided to the Agency by Property Management. However, information such as the federal award identification number, source of property, who holds title, percentage of federal participation in the cost of the property, and use of the property relies solely on the Agency.

Condition 3:

The Division of Procurement Services disagrees with this finding The Division of Procurement Services, Property Management wasn't informed of this audit parameter. For FY2021 number of Transactions/Units processed was 4970 units and the dollar value is \$9,526,239.

Proposed Completion Date: Ongoing



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Finding No.: 2021-019
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Matching, Level of Effort and Earmarking
Questioned Costs: \$7,488
Contact Person(s): Nerissa B. Karakaya, CIP COTR (assisting PAO)
Corrective Action Plan:

We agree with this finding. This is related to FEMA Cost Share (BU5696) and CIP had minimal involvement in this. However, it has been communicated to program managers that they are accountable for maintaining accurate and comprehensive documentation of program expenditures. We are committed to addressing this issue promptly and ensuring that proper procedures are followed to maintain transparency and accountability.

Proposed Completion Date: Ongoing

Finding No.: 2021-020
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$1,240,465
Contact Person(s): Nerissa Benavente Karakaya, CIP COTR
Corrective Action Plan:

Condition 1: The Office of Grants Management (with the assistance of Procurement Services) agrees with the finding. The procurement processes are currently being revamped and with the implementation of the Tyler Munis system, procurement related documentation will be uploaded to the system and available for the Auditors to review.

Condition 2:

The CIP Office disagrees with this finding. The Capital Improvement Program provided information regarding these question costs. Please see the attached bid documents, bid submissions, and advertisement.

For 703-OS/32200344 - RFQ20-GOV-084 was provided to the Auditor for their review. Three (3) proposers submitted - SP Dancoe & Associates; Marianas GeoTech Services; TRL Architecture & Pacific Engineering Group & Services. For 702-OS/32200912 - The procurement method for this was processed through a Sole Source. For CUC-WW-18-C032 - Lower Base Sewer Phase 1 - Lift Station and Focemain - This contract was executed by the Commonwealth Utilities Corporation on July 12, 2018. Procurement Services was able to obtain a copy of the contract from CUC to satisfy the audit testing. For 712727-OC (ITB20-DLNR/DOA-098) - Purchase of One (1) 13" Chipper Machine. Two bidders responded to this ITB; Boyer Trading Company & J. & J Company. Boyer Trading was selected as the lowest and responsive bidder.

Condition 3: Document #1561570 (\$2,500) and Document # 1573947 (\$2,500):



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The Office of Grants Management disagrees with these findings because these are Open Accounts, and this would mean that no price quotations were required during the purchase requisition process in order to obtain the purchase orders. As confirmed by Financial Services and Procurement Services, quotations were not required on an open account. Open accounts were allowed during the JD Edwards period and were discontinued after September 30, 2021. MUNIS was implemented in October 2021.

Condition 4: Document #333922 (\$1,194,578):

The Office of Grants Management (assisting DHSEM) disagrees with the finding because assigned personnel were not made aware of the documents needed; however, OGM is more than happy to provide the following documents to substantiate the purchase of a mobile Covid-19 Biological Safety Lab for the Commonwealth Healthcare Center and for the Alternate Care Site at Kanoa Resort. Per the documentation, the Public Assistance Office and DHSEM followed competitive procurement processing and invoked the Public Health Emergency Executive Order#2020-04 and to which the CNMI Attorney General's Office approved the purchase. Purchase Order # 708019 was used by the Department of Homeland Security and Emergency Management and the Covid-19 Task Force. Contract number Covid19-0-0626 is attached for your reference. Expenses were later transferred to Department of the Interior CARES Act Funds under D20AP00049 per OGM Memo Number 2021-013.

Proposed Completion Date: Ongoing

Finding No.: 2021-021
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Reporting
Questioned Costs: \$1,165
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC

Corrective Action Plan:

The Office of Grants Management (assisting Financial Services – Federal Section) disagrees with the finding. Per the SF 425, the amount noted is \$288,849 (rounded) and their records are accurate. Auditors did not inquire with the Federal Section about the variance they noted and are unsure of what accounting records they are referring to. Auditors would need to review this finding again and reach out to the Federal Section.

Proposed Completion Date: Ongoing



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Finding No.: 2021-022
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Subrecipient Monitoring
Questioned Costs: \$0
Contact Person(s): Nerissa B. Karakaya, CIP COTR
Corrective Action Plan:

Conditions 1 - 4:

The CIP Office agrees with this finding. Capital Improvement Program updated the Subrecipient Monitoring Agreement to reflect the additional grant information required. A copy of the updated agreement is attached for your reference.

We agree that personnel should obtain training specifically in subrecipient monitoring. A request for best practices was made to the Senior Financial Analyst at the Department of Finance responsible for audits. In response, a sample copy of the sub-recipient agreement, grant monitoring checklist, and subgrantee risk-based assessment was shared. A revised version of the agreement, monitoring checklist, and risk-based assessment will be developed and implemented.

- Identify and enroll key personnel in comprehensive training programs focused on subrecipient monitoring requirements and best practices. Budget allocation for training programs, and identification of credible training providers.
- Develop and implement detailed policies and procedures for subrecipient monitoring that comply with federal and state regulations. Consultation with compliance experts, review of regulatory guidelines.
- Establish a regular schedule for monitoring subrecipients, including periodic reviews and audits to ensure adherence to compliance requirements. Development of monitoring tools and checklists, allocation of staff time for periodic reviews.
- Implement a system for documenting subrecipient monitoring activities, findings and preparing regular reports for internal review and oversight.

Proposed Completion Date: Ongoing

Finding No.: 2021-023
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Special Tests and Provisions – Grant Terms and Conditions
Questioned Costs: \$0
Contact Person(s): Nerissa B. Karakaya, CIP COTR (assisting CUC)
Corrective Action Plan:

We agree with this finding, however this is related to CUC stipulated orders and CIP had minimal involvement in this as it went through the courts. We will work with CUC to ensure adherence to grant terms and requirements.

Proposed Completion Date: Ongoing



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Finding No.: 2021-024
AL Program: 17.225 - Unemployment Insurance
Area: Eligibility
Questioned Costs: \$1,131,117
Contact Person(s): Zachary Taitano, PUA Program Manager, DOL
Corrective Action Plan:

Condition 1:

CNMI DOL agrees with audit findings for Condition 1 for all three Application IDs indicated, as upon further review, Social Security Cards were not on file for claims identified. However, per the Benefits Rights Information (BRI) Handbook, and PL 116-136 CARES Act, claimants were only required to provide their full social security number. For each claim, the full SSN of claimant is provided and self-certified, on both the Initial Application and in each Weekly Certification.

Condition 2:

CNMI DOL agrees with this finding. Notably, this issue was identified and addressed through Fiscal Year 2020's Single Audit. OPC 590093 was initiated on July 31, 2020 to send a Letter of Determination via the HireMarianas Portal's internal messaging system. Moreover, the OPC also requested for all future payments that a Letter of Determination be issued once a payment is generated per user.

Condition 3:

CNMI DOL agrees with this finding, with respect to the SAVE Verification being necessary. However, upon further examination:

Application ID 398353: The applicant has a SAVE verification response uploaded to their HireMarianas Portal dated 05/23/2022.

Moreover, upon a further review of the USCIS-SAVE Database, the other Application IDs identified did not have a SAVE Verification initiated upon initial clearance. CNMI DOL has initiated a SAVE Verification for the remaining 3 users. The results are as follows:

Application ID 158179: This applicant is a Green Card holder and the SAVE response was returned immediately. A copy of the SAVE verification response for this user was uploaded to the applicant's HireMarianas Portal on June 24, 2024. A Green Card holder meets the definition of a qualified alien.

Application ID 111798: This applicant is a CW-1 VISA holder. A SAVE verification was initiated on June 24, 2024 with the WAC Number indicated on the I-797A (Notice of Action) Form for the relevant period in time. A response was returned on July 5, 2024 stating that the applicant is employment authorized.

Application ID 399118: This applicant is a CW-1 VISA holder. A SAVE verification was initiated on June 24, 2024 with the WAC Number indicated on the I-797A (Notice of Action) Form for the relevant



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period in time. A response was returned on July 5, 2024 stating that the applicant is employment authorized.

While CNMI DOL agrees with the fact that SAVE Verification was necessary prior to payment disbursement, it is important to note that all the indicated applicants were indeed qualified aliens per the PUA Program Guidelines

This issue was identified and addressed through Fiscal Year 2020’s Single Audit. OPC 590093 was initiated on July 31, 2020 to send a Letter of Determination via the HireMarianas Portal’s internal messaging system. Moreover, the OPC also requested for all future payments that a Letter of Determination be issued once a payment is generated per user.

Condition 4:

CNMI DOL agrees with this finding. Upon additional review of the current overpayment log, the Department was able to recollect a total of \$19,354.17 from the applicants that were noted in the initial listing provided to the auditors. This leaves the updated remaining overpayment balance for FY 2021 at \$1,128,975.35. Auditors were provided with the documentation to substantiate this on 06/24/2024. Recollection efforts are Ongoing.

Proposed Completion Date: Ongoing

Finding No.: 2021-025
AL Program: 17.225 - Unemployment Insurance
Area: Special Tests and Provisions – UI Program Integrity - Overpayments
Questioned Costs: \$0
Contact Person(s): Zachary Taitano, PUA Program Manager, DOL
Corrective Action Plan:

Condition 1:

CNMI DOL agrees with this finding. However, on September 18, 2020, CNMI DOL reached out to the National Association of State Workforce Agency (NASWA) with respect to establishing access to the Integrity Data Hub’s Fraud Alert System. Moreover, on April 19, 2023, CNMI DOL established a direct line of communication with the Office of Inspector General via email and registered for the Integrity Data Hub. Currently, the CNMI does not have access to report fraudulent cases to the National Association of State Workforce Agency (NASWA). Rather, as advised by our point of contact at the OIG, we are to inform them of any cases deemed as fraud and transmit via an encrypted file for further investigation.

Condition 2:

CNMI DOL agrees with this finding. Overpayment Case No. PUAOP000181 was initially served their Notice of Overpayment on September 14, 2020 and was later revised/resent on May 13, 2021 due to discrepancies found within the initial Notice of Overpayment. Although the Notice of Overpayment was prepared and sent to our Tinian Department of Labor Office to be served, contact with the claimant was unable to be established at that point.



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Condition 3:

CNMI DOL does not agree with this finding. With respect to OP Case No. PUAOP000691, repayment was not necessary as the payment in this overpayment case was processed as a paper check. The paper check was noted as “Intercepted” due to having an out-of-state mailing address.

Therefore, the initial benefit disbursement was not received by the claimant. No official overpayment determination was issued as payment was intercepted.

Condition 4:

CNMI DOL agrees with this finding. However, it is important to note that the PUA program’s applicable law is based on a combination of federal statutes, changing federal guidance/operating instructions, state laws from a jurisdiction that already had an established local unemployment program, and established federal regulations from a different program.

At the time of drafting the Standard Operating Policies and Procedures, the available laws and guidance with respect to appeals were vague and limited. Consequently, the Administrative Hearing Office relied on DUA regulations (20 CFR 625.30) and DUA Guidance (ET Handbook 356). The DUA program imposed a 30-day requirement to allow for second level appeals. Subsequently, the Continued Assistance Act provided that PUA Appeals would follow Hawaii State Law. Notably, the federal statutes did not impose a hearing/decision turn around requirement. Further, Hawaii Employment Security Law only required that hearings must be scheduled and heard promptly. HRS 12-5-93. This provision rendered the 30-day requirement and second level appeals under the DUA program moot and inapplicable.

Condition 5:

CNMI DOL agrees with this finding and is collaborating with the Secretary of Finance’s Office to establish a streamlined process for handling cancelled, stale-dated, voided, and/or rejected paper checks or ACH payments.

Proposed Completion Date: Ongoing

Finding No.: 2021-026
AL Program: 21.019 - Coronavirus Relief Fund
Area: Allowable Costs/Cost Principles
Questioned Costs: \$20,341,913
Contact Person(s): Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office

Corrective Action Plan:

The Department of Finance agrees with this finding under ALN# 21.019. We have completed our review and proposed adjustments to accurately reflect expenditures in compliance with grant policies and requirements. Moving forward, we have implemented policies and procedures to ensure that all documentation is uploaded to the new financial system, and proper review and documentation are included to verify the allowability of expenditures within grant policies and requirements.

Proposed Completion Date: Completed



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Finding No.: 2021-027
AL Program: 21.019 - Coronavirus Relief Fund
Area: Reporting
Questioned Costs: \$0
Contact Person(s): Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office

Corrective Action Plan:

The Department of Finance agrees with this finding under ALN# 21.019. We have completed our review and proposed adjustments to accurately reflect expenditures in compliance with grant policies and requirements. Moving forward, we have implemented policies and procedures to ensure that all documentation is uploaded to the new financial system, and proper review and documentation are included to verify the allowability of expenditures within grant policies and requirements.

Proposed Completion Date: Completed

Finding No.: 2021-028
AL Program: 21.019 - Coronavirus Relief Fund
Area: Subrecipient Monitoring
Questioned Costs: \$59,158
Contact Person(s): Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office

Corrective Action Plan:

The Department of Finance agrees with this finding under ALN# 21.019. We have completed our review and proposed adjustments to accurately reflect expenditures in compliance with grant policies and requirements. Moving forward, we have implemented policies and procedures to ensure that all documentation is uploaded to the new financial system, and proper review and documentation are included to verify the allowability of expenditures within grant policies and requirements.

Proposed Completion Date: Completed

Finding No.: 2021-029
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Eligibility
Questioned Costs: \$4,252
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC

Corrective Action Plan:

The Office of Grants Management agrees with this finding. We were unable to locate these two folders due to the high volume of application files, moving between offices, and staff turnover experienced during the period of performance; however, we do have copies of the invoices, check payments, and lease agreements for these two cases. The CCERA Program does not exist anymore, it closed in December 2023 and all the documents were not fully digitized, making the retention of records partly difficult. OGM has learned that it would be more prudent to have a database software that could hold vital information for any large social assistance program. It is my understanding that the CCERA staff did verify that these clients are eligible to receive federal assistance and it was checked by their program



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officers and coordinators. Although, these particular files had case workers assigned to them, multiple staff had access to these folders as well.

Proposed Completion Date: Ongoing

Finding No.: 2021-030
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Reporting
Questioned Costs: \$0
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC
Corrective Action Plan:

The Office of Grants Management disagrees with the finding because OGM was not in charge of reporting in the beginning; we had no access to upload the reports nor knew exactly what to load. The Secretary of Finance Office personnel at that time had all the controls and knowledge of what was needed.

Proposed Completion Date: Ongoing

Finding No.: 2021-031
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,035,442
Contact Person(s): Thomasa DLG. Naraja, Sr. Financial Analyst, SOF
Corrective Action Plan:

The Department of Finance agrees with this finding. To address the findings identified, the Department of Finance (DOF) will conduct a thorough review of policies and procedures related to allowable costs/cost principles. We will review the \$1,035,442 in questioned costs to identify specific deficiencies in documentation and expand our sample to ensure all instances of insufficient documentation are captured.

The DOF will review current policies and procedures governing allowable costs/cost principles. This review aims to identify any gaps or ambiguities that may have contributed to the audit findings. The DOF is committed to updating these policies and procedures promptly to clarify requirements for documenting costs and strengthen controls over compliance.

Proposed Completion Date: Ongoing

Finding No.: 2021-032
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Procurement and Suspension and Debarment
Questioned Costs: \$2,775,965
Contact Person(s): Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office / Brien Nicholas, Procurement Services
Corrective Action Plan:

Condition 1:



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The Department of Finance – Procurement Services disagrees with this finding. No procurement documents were provided because these thirty-four transactions were for payments made out for Travel, Medical Referral Patients, etc.

Condition 2:

The Department of Finance – Procurement Services agrees with this finding. The supporting documents were subsequently located. PO #725713-OP - FUJI Pacific - Office Space Rental. Copy of purchase order is available for inspection.

Condition 3:

The Department of Finance – Procurement Services disagrees with these findings. For 732176-000 OP \$13,440 - No other quotes provided as it was the PS Acting Director's (FC Aguon) discretion, and the purchase requisition was approved by the former SOF (D. Atalig).

For 724870-000 OP \$8,789 - No other quotes provided as it was the PS Acting Director's (FC Aguon) discretion, and the purchase requisition was approved by the former SOF (D. Atalig).

The Emergency Declaration suspended the procurement regulations and authorized the Expenditure Authority to procure any items/procure services exceeding the threshold without obtaining any price quotes. For PO #732176 & 728470, these are not part of the Gov's Executive Order #2022-04. The Division of Procurement Services will accept the findings as noncompliance with the CNMI Procurement Regulations.

Condition 4:

The Department of Finance – Procurement Services agrees with these findings. For 726353-000 OP - No quotes were obtained. (FCA) former Acting Director of PS was off island. No DOA given for PS. The former SOF, David Atalig signed the requisition and M. Torres signed the P.O.

We weren't given ample time to seek legal advice from the Attorney General because we were instructed to process this request ASAP. However, moving forward we will advise the Agency to follow the Procurement Regulations regardless of Authority. We will send an LSR to the Attorney General and place the request on hold until we receive legal advice to proceed forward.

For 727542-000 OP - No quotes were obtained. (FCA) former Acting Director of PS was off island. No DOA given for PS. M. Torres signed the requisition and the former SOF, David Atalig signed the P.O.

For 727113-OC - FCA, the former Acting Director of PS was off-island, and no DOA was given to PS. Both D. Atalig and M. Torres signed the contract.



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Condition 5:

The Department of Finance – Procurement Services agrees with these findings. This transaction doesn't relate to Procurement Services and is not a procurement matter. Donation/Gov's Office - September 2021 Heritage Month.

Proposed Completion Date: Ongoing

Finding No.: 2021-033
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Subrecipient Monitoring
Questioned Costs: \$0
Contact Person(s): Thomasa DLG. Naraja, Senior Financial Analyst, SOF
Corrective Action Plan:

The Department of Finance agrees with this finding. To address the findings identified, the Department of Finance (DOF) will conduct a thorough review of policies and procedures governing subrecipient monitoring. This review aims to identify any gaps or ambiguities that may have contributed to the audit findings. The DOF is committed to updating these policies and procedures promptly to clarify requirements and strengthen controls over compliance.

Proposed Completion Date: Ongoing

Finding No.: 2021-034
AL Program: 93.489/93.575/93.596 - CCDF Cluster
Area: Eligibility
Questioned Costs: \$39,200
Contact Person(s): Roselle Teregeyo, CCDF Co-Administrator/Accountant
Corrective Action Plan:

Condition 1:

CCDF disagrees with this finding. Please refer to the documents submitted.
 Case ID 3170B: CW1-upon submission of the CCDF Waitlist application the CW1 was valid.
 Case ID 3242B: CW1-upon submission of the CCDF Waitlist application the CW1 was valid.

Case ID 3097A: CW1-upon submission of the CCDF Waitlist application the CW1 was valid.

Condition 2:

CCDF agrees with this finding. This is correct that there were no dates indicated on the affidavits. The cases questioned happened during Covid-19 which applicants are sending their applications through email. (Please see documents submitted). As a policy, CCDF is already in practice of ensuring date is stated with the signature of the affiant and such affidavit is notarized.

Condition 3:

CCDF disagrees with this finding. 1040 tax forms are not required for the CCDF Renewal application, and it is only required for self-employed applicants. Please see the application checklist on the questioned cases.



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Condition 4:

CCDF disagrees with this finding. At the time of the submission of the renewal application, the applicant had a valid CW1. The application was submitted on June 15, 2020, the CW1 that was submitted did not expire until September 9, 2020. All documents for verification are on file. Applicant was off island for medical purposes at the time of Certificate of Confirmation (renewal certificate) routing, upon her return she submitted a copy of her passport that indicated that she became a CW2 holder, CCDF then proceeded with termination because of her CW2 status. (Please refer to the documents submitted).

Proposed Completion Date: Ongoing

Finding No.: 2021-035
AL Program: 93.489/93.575/93.596 - CCDF Cluster
Area: Special Tests and Provisions – Health and Safety Requirements
Questioned Costs: \$1,303,790
Contact Person(s): Roselle Teregeyo, CCDF Co-Administrator/Accountant

Corrective Action Plan:

Regarding the ‘Criteria’:

CCLP agrees in part and disagrees in part with this section. CCLP’s agreement lies in the fact that CCLP must ensure the health, safety, and well-being of ALL children in care. CCLP disagrees that these are applicable only to providers serving children who receive subsidies under the Child Care and Development Fund program. CCLP further disagrees with the assumption that childcare providers must meet eleven (11) specific areas of requirements. Aside from CPR, the rest of the listing in this section are topics that fall under the pre-service training requirements under the Child Care and Development Fund program. To further provide the requirements that providers must submit to CCLP, CCLP provides the following:

Facility Requirements:

- *CNMI Business License*
- *Fire Permit*
- *Sanitary Permit*
- *Occupancy Permit*
- *Floor Plan*
- *Liability Insurance*
- *Lease/Rental Agreement*
- *Center Rate*
- *Policy or Parent Handbook*
- *Emergency Preparedness, Response, and Recovery Plan*
- *Staff Schedule*
- *Children’s Daily Activity Schedule*
- *Children’s Roster*



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- *Staffing Requirements*
- *Consent for Release of Information*
- *Official Photo Identification*
- *Police Clearance*
- *Health or Food Handler Certificate*
- *First Aide & Pediatric CPR*
- *Comprehensive Background Check*
- *SORNA Clearance*
- *Diploma/Degree*
- *Academic Transcript*
- *Resume*

Regarding the ‘Criteria – Unannounced inspections’:

CCLP agrees in part and disagrees in part with this section. CCLP’s agreement lies in the fact that CCLP requires 15 hours of annual training. CCLP disagrees that it conducts two (2) unannounced inspections. Granted, at one point in time, CCLP was conducting two (2) announced and two (2) unannounced inspections on an annual basis per CCLP licensed providers. However, that is not the case in fiscal year 2021.

Condition 1:

CCLP disagrees with this finding. Because CCLP does not administer any amount of federal monies, CCLP does not comprehend the rationale behind these monetary figures. However, because it mentions that documentation was not provided for the unannounced inspections, please refer to the documentation submitted on this matter. Therefore, as a matter of record, CCLP hereby disagrees with this section in its entirety.

Relative to NMIS Early Head Start, on January 22, 2021, NMIS EHS closed its doors and stopped providing childcare services. The announced inspection was scheduled for April 6, 2021 while the unannounced inspection was scheduled for August 3, 2021. In light of that information, an inspection report was never generated because NMIS EHS ceased its operation before the scheduled CCLP inspection. However, NMIS EHS was included in the listing of 21 providers due to the fact that it fell within the fiscal year (FY21) that was requested from CCLP.

Condition 2:

A response from CCLP is not necessary for this section as it states that the matter has been resolved.

Condition 3:

CCLP disagrees with these findings. The topics listed above are topics under the pre-service training requirements under the Child Care and Development Fund program, not under the Child Care Licensing Program.

Proposed Completion Date: Ongoing



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Finding No.: 2021-036
AL Program: 93.778 - Medical Assistance Program
Area: Special Tests and Provisions – ADP Risk Analysis and System
Questioned Costs: \$0
Contact Person(s): Vicenta Borja, Program Manager, Medicaid

Corrective Action Plan:

CNMI Medicaid agrees with this finding. Medicaid began performing its own ADP Risk Analysis and System Security Review around March-April 2022 to address this finding.

Proposed Completion Date: Completed

Finding No.: 2021-037
AL Program: 97.030 - Community Disaster Loans
Area: Procurement and Suspension and Debarment
Questioned Costs: \$18,353,963
Contact Person(s): Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office / Brien Nicholas, Procurement Services

Corrective Action Plan:

Condition 1:

The Department of Finance – Procurement Services agrees with this finding. For 709918-000 OP - Gov's Executive Order #2022-04 was issued renewing the declaration of State of Public Health Emergency establishing response, quarantine, and preventive containment measures concerning Corona Virus Disease 2019 (COVID-19) and renewing the order directing the CNMI Homeland Security & Management Office, through the CNMI COVID-19 Task Force, and in partnership with CHCC. The Emergency Contract does not require the PS Director's signature. The Emergency Contract was created by HSEM and is a template being used when an Emergency Declaration is in effect. The person who prepared the Emergency Contract made an error in selecting the procurement method as it should have been selected as Emergency Procurement instead of Competitive Sealed Proposal. This PO was issued to exercise the option to extend performance provided for in COVID19-0163 and provide the Commonwealth with 40,800 square feet of warehouse space for staging and distribution of supplies, equipment, and other necessary support items including electricity (power) as well as other amenities in the initial contract.

For 719000-000 OP / 723730-000 OP - Gov's Executive Order #2022-04 was issued renewing the declaration of State of Public Health Emergency establishing response, quarantine, and preventive containment measures concerning Corona Virus Disease 2019 (COVID-19) and renewing the order directing the CNMI Homeland Security & Management Office, through the CNMI COVID-19 Task Force, and in partnership with CHCC. The Emergency Contract does not require the PS Director's signature.



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The Emergency Contract was created by HSEM and is a template being used when an Emergency arises. The person who prepared this contract should have selected the Emergency Procurement instead of Competitive Sealed Proposal.

For 714181-000 OP - Payment for Blocked rooms needed for Medical Referral Patients in San Diego, California. No justification was provided as it was approved by former Governor Torres.

For 707002-000 OP - Gov's Executive Order #2022-04 was issued renewing the declaration of State of Public Health Emergency establishing response, quarantine, and preventive containment measures concerning Corona Virus Disease 2019 (COVID-19) and renewing the order directing the CNMI Homeland Security & Management Office, through the CNMI COVID-19 Task Force, and in partnership with CHCC.

The Emergency Contract does not require the PS Director's signature. The person who prepared this contract failed to select any procurement method on the emergency contract.

For 698865-000 OP - Gov's Executive Order #2022-04 was issued renewing the declaration of State of Public Health Emergency establishing response, quarantine, and preventive containment measures concerning Corona Virus Disease 2019 (COVID-19) and renewing the order directing the CNMI Homeland Security & Management Office, through the CNMI COVID-19 Task Force, and in partnership with CHCC. The Emergency Contract does not require the PS Director's signature.

For 698605-000 OP / 698865-000 OP - Gov's Executive Order #2022-04 was issued renewing the declaration of State of Public Health Emergency establishing response, quarantine, and preventive containment measures concerning Corona Virus Disease 2019 (COVID-19) and renewing the order directing the CNMI Homeland Security & Management Office, through the CNMI COVID-19 Task Force, and in partnership with CHCC. The Emergency Contract does not require the PS Director's signature.

Condition 2:

The Department of Finance – Procurement Services disagrees with this finding. For 715112-000 OP / 727492-000 OP / 730942-000 OP. These three purchase orders were provided in the list for ALN 97.030 and were available for testing during auditor fieldwork. Auditors failed to perform the required testing.

Proposed Completion Date: Ongoing



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Finding No.: 2021-038
AL Program: 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Area: Matching, Level of Effort and Earmarking
Questioned Costs: \$944,661
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

The CNMI PAO disagrees with this finding. For that specific transaction, the CNMI Government paid the vendor 100% of the invoice(s), which the CNMI PAO later reimbursed the Government for 90%. As for the following line items we acknowledge that this may be a finding. As we were looking through our documents and through the PW history, we had previously been awarded hazard mitigation to replace wooden poles with concrete poles. Approved hazard mitigation work would be covered at 100%. In the latest version, concrete poles are still written in the scope of work, but the cost of hazard mitigation was removed. We believe this to be an error which we will discuss and work out with our grantor.

Proposed Completion Date: Ongoing

Finding No.: 2021-039
AL Program: 97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Area: Reporting
Questioned Costs: \$0
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO

Corrective Action Plan:

The CNMI PAO agrees with the finding. The CNMI PAO agrees that it did not comply with FFATA reporting requirements. Moving forward, the CNMI PAO and the CNMI Office of Grants Management and State Clearinghouse have agreed to jointly coordinate the timely submission of FFATA reports.

Proposed Completion Date: Ongoing

Finding No.: 2021-040
AL Program: 97.050 - Presidential Declared Disaster Assistance to Individuals and Households – Other Needs
Area: Allowable Costs/Cost Principles
Questioned Costs: \$247,774
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO

Corrective Action Plan:

The CNMI disagrees with this finding. The Lost Wages Assistance Program is not a reimbursement program. A drawdown of funds obligated was needed prior to services being rendered. After all payments were made, eligible expenses were calculated and submitted in the Lost Wages Assistance Program Final Closeout that was submitted to FEMA. After the closeout, the CNMI understands that the remaining funds will need to return the overdrawn amount. The final closeout document was received from FEMA on June 13, 2024.



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Finding No.: 2021-041
AL Program: 97.050 - Presidential Declared Disaster Assistance to Individuals and Households
– Other Needs
Area: Eligibility
Questioned Costs: \$2,430
Contact Person(s): Zachary Taitano, PUA Program Manager, DOL
Corrective Action Plan:

CNMI DOL agrees with this finding. The three remaining applicants noted above were indeed paid then later found to be ineligible for benefits. Currently, they are pending to undergo audit and potentially recollection should fault not reside with CNMI DOL. However, it is important to note that the amount of questioned costs indicated by the auditors in both Draft 2 of the Audit Report does not reflect the updated amount of \$2,430.

Proposed Completion Date: Ongoing

Finding No.: 2021-042
AL Program: 97.050 - Presidential Declared Disaster Assistance to Individuals and Households
– Other Needs
Area: Reporting
Questioned Costs: \$0
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

The CNMI disagrees with this finding. The SF-425 is prepared by Financial Services and reflects the total amount that has been drawn down for the Lost Wages Assistance Program. The Lost Wages Assistance Program is not a reimbursement program and a drawdown of funds obligated was needed prior to services being rendered. After the overdraft amount is returned to FEMA, there will be a SF-425 that reflects the actual amount expensed.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

REF	Findings	Status/Completion Date	Contact Person	Remarks
2020				
2020-001	External Financial Reporting	Partially Closed	Tracy B. Norita, Secretary of Finance, Department of Finance	<p>April 2024: It was determined that the Northern Mariana Islands Settlement Fund (NMISF) is not a component unit of the CNMI and therefore will be removed from the finding. For CHCC, there is a current delay in their audit of FY19. We anticipate this finding to carry over into the FY21 audit.</p> <p>CAP from FY20 Audit: The Department of Finance, Office of the Public Auditor, and Grants Office are continuing to work together to explore methods to improve the timeliness of the Component Unit's (CUs) audits so they may be included in the Single Audit.</p>
2020-002	Cash and Cash Equivalents	Ongoing	Bernadita Palacios, Director, Division of Finance & Accounting	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: CNMI agrees to the recommendations and should establish policies and procedures over the timely reconciliation and adjustment of bank accounts and cash clearing accounts and over the updating of the bank account signatories.</p>
2020-003	Receivables	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Velma Palacios, Program Director, NMI Retirement Fund	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis). Current discussion is on-going to clarify and determine if the transfer is still going to be completed.</p> <p>CAP from FY20 Audit: DOF in collaboration with NMIRF are working on a process of updating and recording these receivables. Discussion were made and that the funds in questions should have been booked in 2019. The account that could possibly be used for the transfer would be the account 1000.12000 into the CNMI MUNIS system. DOF and NMIRF are working to process the transfer, but has agree that we need to establish and implement policies and procedures for this transfer.</p>
2020-004	Receivables - OPA Fees	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, David Blake, Audit Manager, Office of the Public Auditor.	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p>



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

				<p>CAP from FY20 Audit: The CNMI agrees with the recommendation and should record and reconcile based on updated calculations. The component units dispute the receivables, and the Department of Finance will engage with the component units to determine the collectability of prior years.</p>
2020-005	Advances	Partially Closed	<p>Tracy B. Norita, Secretary of Finance, Department of Finance, Bernadita Palacios, Director, Division of Finance & Accounting</p>	<p>April 2024: The implementation of the Tyler MUNIS ERP system has significantly improved the overall process around travel. In addition, the final Travel SOP was approved, adopted, and disseminated to the departments on 4/24/24. Travel SOP was developed to address these repeated findings and as a result we consider this portion of the finding closed/resolved.</p> <p>The Vendor Advance SOP is currently in draft form and is being reviewed by the Department of Finance team. We anticipate the final SOP to be finalized and published by FY25.</p> <p>CAP from FY20 Audit: Condition 1: The CNMI agrees with the recommendation and will work with the Division of Finance & Accounting to review existing policies and procedures as recommended in relation to advances for those goods and/or services likely being received within a short period of time. Furthermore, DOF will investigate and properly monitor, make timely adjustments, and efficiently document and file upon receipt of those goods and services.</p> <p>Condition 2: The CNMI agrees with the recommendation and will work with the Division of Finance & Accounting to ensure that responsible personnel should support documents for all travel advances. Furthermore, DOF will regularly review travel advances to ensure compliance with travel policies.</p>
2020-006	Tax Rebates Payable	Ongoing	<p>Tracy B. Norita, Secretary of Finance, Department of Finance, Daniel Alvarez, Acting Director, Dept. of Revenue & Taxation</p>	<p>CAP from FY20 Audit:</p> <ol style="list-style-type: none"> 1. DRT disposed of physical tax returns dating tax year 2009 and prior. The Compliance Records Section is developing policies and procedures to track tax returns within office and storage areas. 2. DRT accepts this finding and will implement changes in the development of the new tax system in 2023. 3. DRT agree to the extent that further development is needed to update the printing function for tax returns to accurately reflect data that is entered into the tax system. DRT will address standard procedures used to assist taxpayers for necessary improvements.



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FISCAL YEAR: September 30, 2021

2020-007	Notes Payable - Judicial Building Loan	Closed/Resolved	John Villagomez, Budget & Finance Director, CNMI Judiciary, Tracy B. Norita, Secretary of Finance, Department of Finance.	<p>April 2024: There is no longer an outstanding obligation on this loan and therefore, this finding should be considered closed/resolved. Loan was paid off March 28, 2022 per the letter received from NMISF dated March 29, 2022.</p> <p>CAP from FY20 Audit: The CNMI is following PL 9-3 to the extent that it is able and is transferring funds as required by law. Urgent priorities throughout the year have resulted in the non-transfer of appropriated funds before the end of the fiscal year. The CNMI will continue work to ensure that the funding is remitted to pay the outstanding obligation.</p>
2020-008	Compensated Absences	Ongoing	Bernadita Palacios, Director, Division of Finance & Accounting	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis). Additionally, the SOP around the accrual of annual leave will include 1) Semi-annual review of annual leave, 2) transfer of annual leave to sick leave in excess of 360 hours, 3) timely update of payroll records, and 4) creation of a separate payable account to record accrued leave for inactive employees.</p> <p>CAP from FY20 Audit: DOF agrees with the recommendation and that personnel should records valid charges as compensated absences payable. Currently annual leave is reviewed at the end of the calendar year and amounts more than 360 hours are transferred over to sick leave. DOF to explore updating the processes to include a mid-year review and to timely update payroll records.</p>
2020-009	Due to Component Units	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: DOF will accept audit adjustments based on audited financial statements of each of the financial reports. DOF will work with CU to develop a systematic approach to reconcile differences in a timely manner.</p>
2020-010	Interfund Transactions and Balances	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Connie Agulto, CNMI Treasurer	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: The CNMI accepts the proposed audit adjustments and has agreed that it should timely monitor, review and reconcile interfund transactions as recommended. Furthermore, the CNMI will work with Treasury in ways to effectively apply monitoring controls for these transactions.</p>



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2020-011	Other Liabilities and Accruals	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Connie Agulto, CNMI Treasurer	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: The CNMI has agreed to the recommendation and are working to establish and implement adequate policies and procedures to record liabilities in the correct fiscal year.</p>
2020-012	Net Pension Liability	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance	<p>CAP from FY20 Audit: The CNMI agrees to the recommendations and that it should obtain audited NMISF based on GASB Statement Nos. 68 and 73 required schedules to determine the net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources, as applicable as of September 30, 2020.</p>
2020-013	Interim Pension Obligation Bond	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Connie Agulto, CNMI Treasurer	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: The CNMI agrees with the proposed audit adjustments from the interim pension obligation bond account. Therefore, the CNMI also agrees that we should establish adequate monitoring procedures to make certain that applicable loan and interim bond requirements are met per the Pension Obligation Bond Credit Agreement.</p>
2020-014	Fund Balance	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Bernadita Palacios, Director, Division of Finance and Accounting	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: The CNMI agrees with the recommendation and that the responsible DOF personnel should provide supporting document for all encumbrances with updating encumbrances for actual expenditures. DOF to examine the validity of long outstanding encumbrances and debit balances, as well as take reasonable steps to timely adjust the subsidiary ledger to include valid fund balances at the end of the year.</p>



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

2020-015	Purchases/Disbursements	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Bernadita Palacios, Director, Division of Finance and Accounting, Brien Nicholas, Acting Director, Division of Procurement Services	<p>May 2024: The Department of Finance is currently going through the process of updating outdated policies and procedures as well as creating new standard operating procedures covering various financial reporting and account management functions. This is to ensure that policies and procedures are current and aligned with the recent transition from JD Edwards to the new ERP System (Tyler Munis).</p> <p>CAP from FY20 Audit: The CNMI agrees with that recommendation and are continuing to work with the responsible DOF personnel on how to comply with our CNMI's procurement regulations effectively and efficiently, as well as in compliance with the control public funds and to maintain complete documentation for all applicable expenditures.</p>
2020-016	Economic Impact Payment	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance	CAP from FY20 Audit: The CNMI agree to the proposed audited adjustments for the Economic Impact Payment (EIP). Therefore, we have agreed that there is a need to continue to work on ways to timely reconcile EIP funding and disbursements and ascertain that these transactions are properly recorded.
2020-017	Other Revenues	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Bernadita Palacios, Director, Division of Finance & Accounting, Connie Agulto, CNMI Treasurer	CAP from FY20 Audit: The Department of Finance is in the process of transitioning into our new financial management system called the MUNIS, which is end user friendly. The new system was established to effectively implement and monitor controls to confirm that documents are properly maintained and safeguarded. Work has begun for the transition into the new financial management system and are continuing to work on ways to record and document revenues effectively and efficiently, which went live since October 2021.
2020-018	Commonwealth Healthcare Corporation	Ongoing	Esther Muna, CFO, Commonwealth Healthcare Corp., Pearl Santos, CFO, Commonwealth Healthcare Corp., Tracy B. Norita, Secretary of Finance, Department of Finance	CAP from FY20 Audit: The CNMI agrees with the recommendation and will ensure that the responsible personnel monitors and enforces compliance with applicable procurement requirements, to include, a complete review of procurement files for completeness.
2020-019	CNMI Workers' Compensation Commission	Ongoing	Remi Mafnas, Acting Secretary of Commerce, Department of Commerce, Tracy B. Norita, Secretary of Finance, Department of Finance	<p>CAP from FY20 Audit:</p> <p>Condition 1: The Office of Management and Budget agrees to this finding. The semi-annual report has been completed and prepared for the respective fiscal year. The program obtained the established schedule from the federal agency and reminders have been set prior to report due dates.</p> <p>Condition 2: The Office of Management and Budget agrees to this finding. OMB will coordinate the journal entry to transfer excess expenditure in business unit I17CID. OMB will communicate with the respective recipients to liquidate the remaining balances in business units I17CIC, I17CIE, I17CIF, I17CIK, and I17CIL for the services provided to FAS citizens. OMB will amend the SF 425 to reflect corrections on actual expenditures recorded.</p>
2020-020	CNMI Group Health and Life Insurance	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Velma Palacios, Program Director, NMI Retirement Fund	CAP from FY20 Audit: The CNMI agrees to the recommendation. NMIRF will book the amounts in Peachtree to MUNIS as a liability for the full amount for FY 2022. The accounts in MUNIS that are to be utilized will be the 5000.21500 for Life Insurance and 5000.21600. These are the corresponding



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				accounts in JDE. NMIRF and DOF will need to have further discussion on how the entries will be made for FY2023 into MUNIS.
2020-021	CNMI Local Noncompliance	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance	<p>May 2024: Ongoing discussions is being had with all relevant parties as this is an important topic given the current situation of the CNMI.</p> <p>CAP from FY20 Audit: Responsible DOF personnel should examine issues attendant to the over expenditures and should assess the propriety of budgeted levels.</p>
2020-022	Schedule of Expenditures of Federal Awards	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance	<p>CAP from FY20 Audit: The CNMI should prepare SEFA in accordance with federal requirements. Also, the CNMI should establish and implement monitoring controls to periodically review the SEFA during the fiscal year for accuracy and completeness.</p>
2019				
2019-001	External Financial Report	Ongoing	David Atalig, Secretary of Finance, Dept of Finance	<p>The Department of Finance, Office of the public auditor and Grants management office are continuing to work together to explore methods to improve the timelessness of the component Unit's audits so that they may include in the Single Audit.</p>
2019-002	Cash and Cash Equivalents	Ongoing	Bernadita Palacios, Director, Div. of Finance & Accounting	<p>Condition 1: Bank Code 11401 does not have any transactions during FY 2019. Account 1010.11410 (BOH Special disability) was closed on 07/26/2018 as described in JE 2070, Finds were deposited into BOG acct *4932 and into 1010.11.411. for bank code 11431, bank reconciliations are not currently being done at DOF, Bank reconciliation for bank code 11431 is available at the GHLI office, CNMI will improve efforts to comply with cash management policies and submit requested documents in a timely manner as well as work with managing agency(s) to comply with DOF cash management policies.</p> <p>Condition 2: Bank code 15050 does not have any transactions during FY 2019, DOF will conduct a review of accounts to include 11628 and determine appropriate actions.</p> <p>Condition 3: DOF accepts the proposed audit adjustments of \$3,858,769. DOF will conduct a review and determine appropriate actions.</p> <p>Condition 4 & 5: DOF will review the accounts and make the necessary adjustments.</p> <p>Condition 6: DOF accepts the proposed audit adjustment, Management will improve process to correct entries.</p>
2019-003	Receivables	Ongoing	David Atalig, Secretary of Finance, Dept of Finance and Velma Palacios, Program Director, NMI Retirement Fund	<p>DOF and the NMIRF are in the process of updating and recording these receivables. The agencies area is also in the process of coordinating the documentation of this transfer if deemed collectible.</p>
2019-004	OPA Receivables	Ongoing	David Atalig, Secretary of Finance, Dept of Finance and David Blake, Audit Manager, Office of the Public Auditor	<p>The Component units dispute the receivables schedule nevertheless, the Department of Finance will engage with the component units to determine the collectability of prior years.</p>



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2019-005	Tax Rebates Payable	Ongoing	Tracy Norita, Director, Div of Revenue & Taxation, Maria White, Research and Statistics Manager, Div of Revenue & Taxation	The CNMI agrees with the recommendation and will work with the Division of Revenue and Taxation to establish policies and procedures as recommended, Furthermore, DOF will ensure proper filing and maintenance of tax forms as well as reconcile recorded rebates payable with the ability indication on the tax forms as well as reconcile recorder rebates payable with the liability indicated on the tax forms. Variances, if any, shall be investigated, monitored, documented and timely addressed.
2019-006	Notes Payable - Judicial Building Loan	Ongoing	Alexander Castro, Chief Justice, CNMI Judiciary, John Villagomez, Budget and Finance Director, CNMI Judiciary, David Atalig, Secretary of Finance, Dept of Finance	The CNMI is following PL-9-3 to the extent that is able and is transferring funds as required by law. Urgent priorities throughout the year has resulted in the non-transfer of appropriated funds before the end of the fiscal year, the CNMI continue to work to ensure that the funding is remitted.
2019-007	Compensated Absences	Ongoing	Bernadita Palacios, Director, Div. of Finance & Accounting	DOF accepts the proposed audit adjustment. Currently, annual leave is reviewed at the end of the calendar year and amounts in excess of 360 hours transferred to sick leave. DOF will explore updating processes to include a mid-year review.
2019-008	Due to Component Units	Ongoing	Bernadita Palacios, Director, Div. of Finance & Accounting	DOF will accept audit adjustments based on audited financial statements of each of the financial reports. DOF will work with CU to develop a systematic approach to reconcile differences in a timely manner.
2019-009	Fund Balance - Encumbrances	Ongoing	Bernadita Palacios, Director, Div. of Finance & Accounting	General Fund 1: DOF accepts the proposed audit reclassification General Fund 2: Contract was not materialized as there was no response from Attorney Generals Officer regarding this contract General Fund 3: DOF will review outstanding encumbrances Grants Assistance Fund 1: DOF accepts the proposed audit reclassification Grants Assistance Fund 2: DOF will review outstanding encumbrances. Grants Assistance 3: a. The Contract process was not completed as DOF was not informed of the outcome. DOF will review for de-obligation b. Contract was not materialized as there was no response from the AG's Office and the Office of the Governor
2019-010	Commonwealth Healthcare Corporation	Ongoing	Esther Muna, CEO, Commonwealth Healthcare Corp., Pearl Santos, CFO, Commonwealth Healthcare Corp., David Atalig, Secretary of Finance, Dept of Finance	The CNMI and CHCC have been working on the final issues of the transition of CHCC to an independent corporation. CHCC and the CNMI has identified some areas to be transferred to the CHCC, such as fixed assets, and we will continue to review until such matters are formally documented.
2019-011	CNMI Worker's Compensation Commission	Ongoing	Mark Rabauliman, Secretary of Commerce , Department of Commerce and David Atalig, Secretary of Finance, Department of Finance	DOF and Department of Commerce will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for WCC funds



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2019-012	CNMI Group Health and Life Insurance	Ongoing	Velma Palacios, Program Director, Group Health and Life Insurance Program	DOF and GHLI will finalize the transfer of assets in writing and has already completed the work on establishing and assigning general ledger for GHLI reconciliations are available for review at the respective Office discussion between DOF GHLI staff are still taking place. Records are in transition from the previous system (Peachtree) to a new financial system. 1. Bank 2. Ongoing
2019-013	CNMI Local Noncompliance	Ongoing	David Atalig, Secretary of Finance, Dept of Finance	The CNMI agrees with finding and continuously works towards addressing over expenditures and determining the appropriate budgetary levels for the Commonwealth. Areas affecting public Health and human welfare are an issue as areas such as medical referral for patients requiring urgent health care are not available in the commonwealth often experiences budgetary shortfalls, Additional hiring of law enforcement personnel has also reduced the amount of overtime compared to prior years as there are more employees working regular hours and sharing the responsibility for the CNMI safety .
2019-014	Schedule of Expenditures of Federal Awards	Ongoing	David Atalig, Secretary of Finance, Dept of Finance	The CNMI agrees with finding and will provide training on the preparation of the SEFA in accordance with the Uniform Guidance
2019-015	Allowable Costs / Principles	Ongoing	David Atalig, Secretary of Finance, Dept of Finance and Walter Macaranas, Administrator, Nutrition Assistance Program	The CNMI agrees with the recommendation and as the responsible party for this function of the federal award, the CNMI is working with Nutrition Assistance Program (NAP) to address this deficiency , It has been noted that NAP periodically performs on a monthly basis reconciliation of food coupons against the redemption reports or bank statements. DOF also utilizes the bank statements as the source to draw final funds for each month . To verify and confirm accuracy and consistency, the CNMI will work with NAP to ensure there are no variances between the General Ledger entries, the bank reports and the monthly reconciliation of food coupons.
2018				
2018-001	External Financial Reporting	Ongoing	David Atalig, Secretary of Finance, Dept of Finance	The Department of Finance and the Office of the Public Auditor are working together and exploring methods to improve the timeliness of the Component Units audits so that they may be included in the Single Audit (SA). Though component units complete their audits on or around the deadline (June 30), this does not provide CNMI's auditors sufficient time to be incorporated in the Single Audit reports for that reporting period. A restatement is often recorded in the following year SA report. One proposal is to establish legislation to require component units to complete the audits 1-2 months before the deadline so that they can be included.
2018-005	Receivables	Ongoing	David Atalig, Secretary of Finance, Dept of Finance, David Blake, Audit Manager, Office of the Public Auditor	The component units dispute the receivables. The Department of Finance will engage with the component units to determine collectability of prior years.



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2018-006	Tax Rebates Payables	9/30/2019	Tracy Norita, Director, Div of Revenue & Taxation, Maria White, Research and Statistics Manager, Div of Revenue & Taxation	<p>Condition 1: For unpaid tax year 2017 and Prior</p> <p>a. Unmatched filings</p> <p>i. The requested tax returns were unable to be located due to damage to the file storage facility caused by Super Typhoon Yutu. The Division of Revenue and Taxation has suffered a major document loss for filings in tax years 1998-2006 due to water damage. The Division is taking steps to house documents in a new storage unit that will protect documents from future storms.</p> <p>ii. The Division of Revenue and Taxation - Compliance Branch is currently developing internal standard procedures to properly review returns for completeness prior to data entry.</p> <p>b. Assessed filings</p> <p>i. Tax filings for tax years 1998-2006 were unable to be located due to water damage caused by the typhoon. For the other returns requested, the Division of Revenue & taxation will develop standard filing procedures to ensure returns are properly filed and efficiently retrieved.</p> <p>ii. The miscalculation of rebate taxes was due to a taxpayer amendment to the filed return to include an additional W-2, thus the payable increased to \$1,001. The Division of Revenue and Taxation - Compliance Branch is currently developing internal standard procedures to properly document such changes to amended returns.</p> <p>c. Matched filings</p> <p>i. The discrepancy in rebate payable was due to error in taxpayer calculation of rebate computation and system allocation error.</p> <p>The Division of Revenue & Taxation is working closely with system programmers to correct this system allocation error.</p>
2018-007	Notes Payable - Judicial Building Loan	Ongoing	Alexander Castro, Chief Justice, CNMI Judiciary, David Atalig, Secretary of Finance, Dept of Finance	<p>The CNMI is following PL 9-3 to the extent that it is able and is transferring funds as required by law. Unfortunately, there is a lack of funding to cover the remaining balance owed on monthly payment as collections aren't sufficient to cover the entire monthly payment. The Judiciary has applied for a loan with the USDA to address this issue, but no agreement has been established at this time.</p>
2018-009	Due to Component Units	Ongoing	David Atalig, Secretary of Finance, Dept of Finance	<p>DOF will accept audit adjustments based on audited financial statements of each of the financial reports. DOF will work with CU to develop a systematic approach to reconcile differences in a timely manner.</p>



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2018-010	Fund Balance - Encumbrances	Ongoing	Bernadita Palacios, Director, Div. of Finance & Accounting	<p>Update September 2020: DOF is currently preparing to transition to a new financial management system. One of the key tasks is to identify old encumbrances that cannot be removed from the current system and ensure that they are not included in the data transfer.</p> <p>General Fund 1: DOF accepts the proposed audit reclassification of \$1,888,060. General Fund 2: Contract 494924-OC was rejected by the Attorney General and was not notified to complete de-obligation process. DOF will remind relevant agencies of standard operating procedures and steps to prevent further occurrences.</p> <p>Grants Assistance Fund 1: DOF accepts the proposed audit reclassification. Grants Assistance Fund 2: DOF will review outstanding encumbrances. Grants Assistance Fund 3: (a) DOF accepts the proposed audit adjustment. (b) DOF accepts the proposed audit adjustment. (c) Contract 59-OS was a transfer from the old system and was corrected by using another line item--DOF will make the necessary adjustments. Contract 658502-OP is an open purchase order for childcare and left pending for 90 days for liquidation period. Contract 574600-OC was rejected by the Attorney General and was not notified to complete de-obligation process. DOF will remind relevant agencies of standard operating procedures and steps to prevent further occurrences.</p> <p>Saipan Amusement Fund 1: DOF accepts the proposed audit reclassification.</p> <p>Other Governmental Funds 1: DOF accepts the proposed audit reclassification. Other Governmental Funds 2: DOF will review outstanding encumbrances. Other Governmental Funds 3: (a) DOF accepts the proposed audit adjustment. (b) Contract 600733-OM is an obligation to reserve funds for a pending case that never materialized. We will de-obligate this encumbrance and will review other outstanding encumbrances.</p>
2018-011	Commonwealth Healthcare Corporation	Ongoing	Esther Muna, CEO, Commonwealth Healthcare Corp., Derek Sasamoto, CFO, Commonwealth Healthcare Corp., David Atalig, Secretary of Finance, Dept of Finance	The CNMI and CHCC have been working on the final issues of the transition of CHCC to an independent corporation. CHCC and the CNMI has identified some areas to be transferred to the CHCC, such as fixed assets, and we will continue to review until such matters are formally documented.
2018-012	CNMI Workers' Compensation Commission	Ongoing	Mark Rabauliman, Secretary of Commerce, Dept of Commerce, David Atalig, Secretary of Finance, Dept of Finance	DOF and Department of Commerce will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for WCC funds.



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2018-013	CNMI Group Health and Life Insurance	Completed 9/30/2020	Velma Palacios, Program Manager, Group Health & Life Insurance Program	<p>Update September 2020: DOF has established accounts and processes to record GHLI transactions in CNMI.</p> <p>DOF and GHLI will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for GHLI.</p> <ol style="list-style-type: none"> 1. Bank Reconciliations are available for review at the respective office. 2. DOF and GHLI staff have scheduled a meeting to establish new processes to properly record monies received by CU's held in trust. 3. GHLI have since updated the records for receivables from component units and reconcile against the proposed audit adjustments.
2018-014	CNMI Local Noncompliance	Ongoing	David Atalig, Secretary of Finance, Dept of Finance	<p>The CNMI agrees with this finding and continuously works towards addressing over expenditures and determining the appropriate budgetary levels for the Commonwealth. Areas affecting public health and human welfare are an issue as areas such as medical referral for patients requiring urgent health care not available in the Commonwealth, it is anticipated that revenue will continue to arise to address the areas where the Commonwealth often experiences budgetary shortfalls. Additional hiring of law enforcement personnel will also reduce the amount of overtime as there are more employees working regular hours and sharing the responsibility for the CMNMI safety.</p>
2017				
2017-001	External Financial Report	6/30/2019	Michael Pai, Public Auditor, Lillian Pangelinan, NMISF Administrator, Gary Camacho, CUC Executive Director, Esther Muna CHCC CEO, Glenn Muna, Acting PSS Commissioner and Carmen Fernandez, NMC President	<p>The Public School System and the Northern Marianas College completed their FY17 audits prior to June 30th, but after the deadlines set by the auditors conducting the CNMI audit, and therefore was not possible to include their financial in the CNMI audit without impacting the release of the CNMI audit in a timely manner. As contractor for this audit, the Public Auditor will establish a schedule oversight in conjunction with all agencies that are required to submit audited financial statements to the CNMI Government and work with agencies to meet the deadlines in a timely manner for the FY18 audit. All Department Heads of each of the agencies are aware of the deadlines and will ensure that all contracts to begin audits are in place for their financial audits prior to the close of the fiscal year. They will also ensure that all year end reports required for the FY18 audit are submitted to the CNMI as per deadlines set in conjunction with OPA to ensure that they are included in the next report.</p>
2017-002	External Financial Report	Ongoing	Edward Manibusan, Attorney General, Lillian Pangelinan NMISF Administrator, and Larrisa Larson, Secretary of Finance	<p>Legal Review in this matter is ongoing as the NMISF has taken the position that it is an arm of the court and not the component unit. As a result, the NMISF believes that it is not a pension fund and is not required to comply with GASB Statement No. 68. The matter continues to be under discussion between the CNMI and the NMISF. The Administration will take appropriate action upon conclusion of this discussion.</p>



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2017-003	Cash and Cash Equivalents	9/30/2018	Larrisa Larson, Secretary of Finance and Connie Agulto, CNMI Treasurer	1. An updated signature card for the new authorized signers are completed and will be submitted in FY 2018. 2. This account has remained inactive since its inception. DOF will conduct a review of accounts that remain inactive and proceed with appropriate consolidations and closures. 3. DOF accepts the proposed audit adjustments. The cash management policies were implemented in the latter part of FY17 and the reconciliation of similar accounts are to be completed in a timely manner. 4. These accounts are managed and reconciled by the Judicial branch, and DOF is working with them to provide the department with necessary documents to demonstrate internal controls. 5. DOF will conduct a review of accounts to include 15050 and determine appropriate actions. 6-7. DOF accepts the proposed audit adjustments. The cash management policies were implemented in the latter part of FY 17, and the reconciliation of similar accounts are to be completed in a timely manner.
2017-004	Receivables	9/30/2019	Larrisa Larson, Secretary of Finance, Michael Pai, Public Auditor	DOF and the NMIRF are in the process of updating and recording these receivables. The agencies area also in the process of coordinating the documentation of this transfer if deemed collectible.
2017-005	Receivables	6/30/2019	Larrisa Larson, Secretary of Finance, Michael Pai, Public Auditor	The component units dispute the receivables schedule nevertheless, the Department of Finance will enforce collections starting in FY 2019 and determine collectability of prior years.
2017-006	Tax Rebates Payable	9/30/2018	Larrisa Larson, Secretary of Finance and Maria White, Division of Revenue & Taxation	The Division of Revenue and Taxation has increased its personnel in February 2017, and as such we hope to implement most, if not all, the recommendations by the start of FY 2018. It is imperative the the division trains its employees on the newly established policies and procedures and retain its quality employees to effectively carry out the divisions directives.
2017-007	Notes Payable - Judicial Building Loan	9/30/2019	Alexandro Castro, Chief Justice and Larrisa Larson, Secretary of Finance	The CNMI is following PL 9-3 to the extent that it is able and is transferring funds as required by law. Unfortunately, there is a lack of funding to cover the remaining balance owed on monthly payment as collections aren't sufficient to cover the entire monthly payment. The Judiciary has applied for a loan with the USDA to address this issue. With the improving financial standing of the CNMI in the recent years, and through discussion in FY 2019, we are optimistic the loan will be approved in the coming months.
2017-008	Compensated Absences	9/30/2018	Bernadita Palacios., Director of F&A, Eloida Macaranas, Payroll Manager	The Department of Finance completed its cash management plan in the latter part of FY17. The plan contains policies and procedures to review the validity of charges in compensated absences payable in a timely manner. DOF contracted a consultant who reviewed the balances with DOF staff and made will continue to review these balances on a regular basis.
2017-009	Fund Balance - Encumbrances	9/30/2018	Bernadita Palacios, Director of F&A	CNMI agrees with all proposed audit adjustments. The cash management plan implemented in the latter part of FY 17 contains policies and procedures to review the encumbrances. Furthermore, DOF will establish a task force to examine the validity of outstanding encumbrances to timely adjust the subsidiary ledger by year end.



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2017-010	Revenue/Receipts - Division of Revenue & Taxation	Ongoing	Larrisa Larson, Secretary of Finance	DOF is currently updating its policies and procedures that will address the security of files that contain personal information. With the implementation of the revised policies and procedures we aim to address proper filings and maintenance.
2017-011	Expenditures	Not Applicable	Municipal Treasurers and/or Mayors of First and Second Senatorial District	The CNMI disagrees with this finding. The CNMI has conducted transfers based upon both CNMI law and a spending plan/budget worksheet provided by the Municipalities prior to transfer of funding, The CNMI Legislature passes appropriation laws that transfer funds to either the Municipalities of each Senatorial District or the offices of the Mayors of each Senatorial District. Documents pertaining to the transfers are available at the CNMI Department of Finance. Documents supporting the expenditures once the funds are transferred are maintained at each Senatorial District and are recorded when incurred in each of the respective municipalities.
2017-012	Commonwealth Healthcare Corporation	Ongoing	Esther Muna, CHCC CEO, Derek Sasamoto, CHCC CFO and Larrisa Larson, Secretary of Finance	The CNMI and CHCC have been working on the final issues of the transition of CHCC to an independent corporation. CHCC and the CNMI will review and develop a plan for pending matters.
2017-013	CNMI Worker's Compensation Commission	Ongoing	Larrisa Larson, Secretary of Finance and Mark Rabauliman, Secretary of Commerce	DOF and Department of Commerce will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for WCC funds.
2017-014	CNMI Group Health and Life Insurance	9/30/2019	Larrisa Larson, Secretary of Finance	The CNMI has been working on the separation of the GHLI program from the NMIRF and integration into the CNMI DOF. As both functions are currently within the DOF area of responsibility, the work to separate all aspects of the two entities will be completed in the current fiscal year.
2017-015	CNMI Local Noncompliance	9/30/2018	Virginia Villagomez, Special Assistant for the Office of Management and Budget and Larrisa Larson, Secretary of Finance	The CNMI agrees with this finding and continuously works towards addressing over expenditures and determining the appropriate budgetary levels for the Commonwealth. Areas affecting public health and human welfare are an issue as areas such as medical referral for patients requiring urgent health care not available in the Commonwealth, it is anticipated that revenue will continue to arise to address the areas where the Commonwealth often experiences budgetary shortfalls. Additional hiring of law enforcement personnel will also reduce the amount of overtime as there are more employees working regular hours and sharing the responsibility for the CNMI safety.

2016



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2016-001	External Financial Report	9/30/2018	Michael Pai, Public Auditor Lillian Pangelinan, NMISF Manuel Sablan, CDA Executive Director Gary Camacho, CUC Executive Director Esther Muna, CHC CEO Larrisa Larson, DOF Secretary	There have been several changes in the financial oversight of the various agencies that did not complete their audits for FY16 by the deadline required for submission of this report. As contractor for the contract for the audit, the Public Auditor will establish a schedule of oversight in conjunction with all agencies that are required to submit audited financial statements to the CNMI Government and work with agencies to meet the deadlines in a timely manner to meet deadlines for the FY17 audit. All Department Heads of each of the agencies are aware of the deadlines and will get all contracts in place for their financial audits prior to close of the fiscal year and have all year end reports required for the FY 17 audit as per deadlines set in conjunction with OPA.
2016-002	External Financial Report	9/30/2018	Edward Manibusan, Attorney General Lillian Pangelinan, NMISF Larrisa Larson, DOF Secretary	The NMISF has taken the position that it is not a component unit of the CNMI Government and that it is also not a pension fund and therefore does not need to provide financial statements that comply with GASB Statement No. 61. The matter is currently under legal review by the OAG and the CNMI Government and a course of action regarding this matter is still pending. The Administration will take a position once the legal review has been completed and address this matter upon deciding whether it agrees or disagrees with this position.
2016-003	Cash and Cash Equivalents	Ongoing	Larrisa Larson, DOF Secretary Bernadita Palacios, F&A Director Martha Camacho, F&A Manager	<ol style="list-style-type: none"> 1. The Division of Finance and Accounting has hired new employees to help and have greatly improved our bank reconciliations to meet target dates and be in compliance with established policies and procedures. We expect such findings to be resolved in FY 2017. 2. Bank code 11411 is operated under the Department of Commerce (See Finding 2016-012), and the Department of Finance (DOF) will coordinate/facilitate with Commerce to implement reconciliation policies and procedures. 3. DOF accepts the proposed adjustments. 4. We have contacted the Judicial offices and received confirmation that reconciliations for such accounts are now being prepared in accordance with policies and procedures. We expect such finding to be resolved in FY 2017. 5. Department of Finance has developed a cash management plan to consolidate policies and procedures for the various sections and divisions, which does include timely updating bank account information. We will update our records to include information for bank code 15050. 6. DOF accepts the proposed adjustments. 7. DOF accepts the proposed adjustments. <p>Due to the findings presented in the audit of fiscal year 2015, DOF has taken great strides to improve compliance and expect to see improvements in fiscal year 2017. There is in development a cash management plan, which is currently under final review to update policies and procedures and pertinent information. The cash management plan is expected to be formally implemented at the start of fiscal year 2018.</p>
2016-004	Receivables	Ongoing	Larrisa Larson, NMIRF Administrator (Acting)	DOF and the NMIRF are in the process of updating and recording these receivables. The agencies area also in the process of coordinating the documentation of this transfer.



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2016-005	Receivables	Ongoing	Michael Pai, Public Auditor Larrisa Larson, DOF Secretary Edward Manibusan, Attorney General	OPA will provide reports on receivables to DOF on a regular basis to allow for DOF to record and reconcile accounts to the payable balances in a timely manner. DOF will also work with the OAG to determine collectability of all arrears. OPA, OAG and DOF will work on draft legislation to ensure that all agencies comply with the mandated 1%
2016-006	Interfund Receivables and Payables	Ongoing	Larrisa Larson, DOF Secretary	The CNMI will conduct an assessment of the collectability of interfund balances. The CNMI will also develop a process of recording updated balances on a regular basis in compliance with GASB Statement No. 34.
2016-007	Tax Rebates Payable	9/30/2018	Larrisa Larson, DOF Secretary Maria T. White, Division of Revenue and Taxation Manager	The Division of Revenue and Taxation has increased its personnel in February 2017, and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018. It is imperative that the division trains its employees on the newly established policies and procedures and retain its quality employees to effectively carry out the divisions directives.
2016-008	Notes Payable - Judicial Building Loan	9/30/2018	Alexandro Castro, Chief Justice Larrisa Larson, DOF Secretary	The CNMI is following PL9-3 to the extent that it is able and transferring funds as collected and as required by law. Unfortunately, there is a lack of funding to cover the remaining balance owed on monthly payment as collections aren't sufficient to cover the entire monthly payment. The Judiciary has applied for a loan with the USDA to address this issue. Upon approval of this loan, the entire balance of this loan will be paid and a new loan at a lower rate will be in place.
2016-009	Compensated Absences	8/30/2017	Larrisa Larson, DOF Secretary Bernadita Palacios, F&A Director	DOF has contracted a consultant to update personnel records of inactive, terminated, or retired employees. In the development of the cash management plan, we have included in our policies and procedures to review the validity of charges in compensated absences payable in a timely manner.
2016-010	Fund Balance - Encumbrances	8/30/2017	Larrisa Larson, DOF Secretary Bernadita Palacios, F&A Director	General Fund - 1. DOF has informed the auditor that this testing/finding is invalid as DOF did not receive a request for such documents. Grants Assistance Fund - 2. We have reviewed such findings and are currently in contact with the vendors. We have received some confirmations to de-obligate the outstanding encumbrances and expect to clear all by then end of fiscal year 2017. All others - A majority of these encumbrances are carried over from the old accounting system. We have hired a consultant to help us access this old information and make the necessary changes in the new system.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

2016-011	Commonwealth Healthcare Corporation	Ongoing	Esther Muna, CHCC CEO Derek Sasamoto, CHCC CFO Larrisa Larson, DOF Secretary	The CNMI and CHCC have been working on the final issues of the transition of CHCC to independent corporation. CHCC and the CNMI will review the pending matters and develop a plan for any pending matters.
2016-012	CNMI Worker's Compensation Commission	12/31/2017	Larrisa Larson, DOF Secretary Mark Rabauliman, Department of Commerce, Secretary	DOF and Department of Commerce will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for WCC funds. A consultant has been hired to assist with this matter. An investment policy is currently under review and will be finalized by end of 2017.
2016-013	CNMI Local Noncompliance	Ongoing	Virginia Villagomez, OMB Special Assistant Larrisa Larson, DOF Secretary	The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Acts. Areas affecting public health and welfare are an issue as areas such as Medical Referral for patients requiring urgent health care not available in the Commonwealth and Overtime for the salaries of the law enforcement officers who's responsibility is public welfare and safety often require resources beyond what has been budgeted. As investment increases in the Commonwealth, it is anticipated that revenue will continue to rise and address these areas where the Commonwealth often experiences budgetary shortfalls. In the meantime, measures are in place to work towards keeping agencies that do not play a role in the public safety and welfare of the community are spending within their operating budget.
2015				
2015-01	External Financial Reporting	FY 2018	Larrisa Larson Edward Manibusan	The Settlement Fund (NMISF) Trustee maintains the position that the NMISF is not a component unit and is not subject to be included in the Single Audit or GASB rules. Nevertheless, continued discussions with the Trustee and CNMI officials have led to a solution to provide improved external financial reporting for the CNMI. We anticipate this
2015-02	External Financial Reporting	FY 2018	Larrisa Larson Edward Manibusan	The Settlement Fund (NMISF) Trustee maintains the position that the NMISF is not a component unit and is not subject to be included in the Single Audit or GASB rules. Nevertheless, continued discussions with the Trustee and CNMI officials have led to a solution to provide improved external financial reporting for the CNMI. We anticipate this
2015-04	Cash and Cash Equivalents	Completed	Connie Agulto Bernadita Palacios	We have hired new employees to help keep with timely bank reconciliations and timely adjustments to the general ledger in order to adhere to the established policies and procedures. We are currently reviewing such policies and procedures to improve time management and process improvement.
2015-05	Receivables	FY 2018	Larrisa Larson Velma Palacios	Staff have been hired by NMIRF to address the outstanding issues. We have identified a significant portion of the receivables and have reconciled them to the appropriate accounts. Polices have been proposed and currently under review. Operational procedures are currently being developed to be in line



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FISCAL YEAR: September 30, 2021

2015-06	Receivables	FY 2018	Larrisa Larson	We are currently in discussion with the OAG to determine the collectability on all arrears due to the CNMI. We are also currently working with the Office of the Public Auditor and have established a procedure for periodic review of such receivables between our offices. We have also begun discussions with both the Office of the Public Auditor and the OAG in order to draft legislation that ensures agency compliance with the mandated 1% receivables.
2015-07	Tax Rebates Payable	FY 2018	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2015-08	Notes Payable - Judicial Building Loan	FY 2017	Larrisa Larson	See Finding 2016-07
2015-09	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2015-10	Fund Balance - Encumbrances	FY 18	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.
2015-11	Commonwealth Health Center Corporation	30-Sep-17	Larrisa Larson Esther Muna Derek Sasamoto	We have contacted the Chief Financial Officer of the Commonwealth Health Center to document receivables, inventory and obligations. We expect this finding to be completed FY 2017
2015-12	CNMI Worker's Compensation Commission	30-Sep-17	Larrisa Larson Mark Rabauliman	DOF and Department of Commerce will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for WCC funds. A consultant has been hired to assist with this matter. An investment policy is currently under review and will be finalized by end of FY 2017.
2015-13	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.

2014



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

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2014-001	External Financial Reporting	Ongoing	Larrisa Larson Edward Manibusan	The Department of Finance (DOF) and the Office of the Attorney General (OAG) have had discussions with NMISF regarding NMISF's position of not being a component unit and therefore not required to provide financial statements to the CNMI. This matter is currently under legal review by the OAG, and the Administration will be taking a position when such review is completed.
2014-005	Receivables	FY 2018	Larrisa Larson Velma Palacios	Staff have been hired by NMIRF to address the outstanding issues. We have identified a significant portion of the receivables and have reconciled them to the appropriate accounts. Polices have been proposed and currently under review. Operational procedures are currently being developed to be in line
2014-006	Receivables	FY 2018	Larrisa Larson	We are currently in discussion with the OAG to determine the collectability on all arrears due to the CNMI. We are also currently working with the Office of the Public Auditor and have established a procedure for periodic review of such receivables between our offices. We have also begun discussions with both the Office of the Public Auditor and the OAG in order to draft legislation that ensures agency compliance with the mandated 1% receivables.
2014-008	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2014-010	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2014-011	Fund Balance - Encumbrances	FY 2018	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.
2014-012	Commonwealth Healthcare Corporation	FY 2017	Larrisa Larson Esther Muna Derek Sasamoto	We have contacted the Chief Financial Officer of the Commonwealth Health Center to document receivables, inventory and obligations. We expect this finding to be completed FY 2017
2014-013	CNMI Workers' Compensation Commission	FY 2017	Larrisa Larson Mark Rabauliman	DOF and Department of Commerce will finalize the transfer of assets in writing and complete the work on establishing and assigning general ledger accounts for WCC funds. A consultant has been hired to assist with this matter. An investment policy is currently under review and will be finalized by end of FY 2017.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

2014-015	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2014-016	Schedule of Expenditures of Federal Awards	FY 2017	Larrisa Larson	Additional staff have been hired and are currently undergoing training to be in compliance with SEFA requirements. We expect this finding to be resolved by end of FY 2017.
2013				
2013-008	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2013-010	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2013-011	Fund Balance - Encumbrances	FY 2018	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.
2013-012	Commonwealth Healthcare Corporation	FY 2017	Larrisa Larson Esther Muna Derek Sasamoto	We have contacted the Chief Financial Officer of the Commonwealth Health Center to document receivables, inventory and obligations. We expect this finding to be completed FY 2017
2013-013	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2012				
2012-13	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

2012-15	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2012-16	Fund Balance - Encumbrances	FY 2018	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.
2012-17	Commonwealth Healthcare Corporation	FY 2017	Larrisa Larson Esther Muna Derek Sasamoto	We have contacted the Chief Financial Officer of the Commonwealth Health Center to document receivables, inventory and obligations. We expect this finding to be completed FY 2017
2012-18	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2012-20	Schedule of Expenditures of Federal Awards	FY 2017	Larrisa Larson	Additional staff have been hired and are currently undergoing training to be in compliance with SEFA requirements. We expect this finding to be resolved by end of FY 2017.
2011				
2011-15	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2011-17	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2011-18	Fund Balance - Encumbrances	FY 2018	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.
2011-20	Schedule of Expenditures of Federal Awards	FY 2017	Larrisa Larson	Additional staff have been hired and are currently undergoing training to be in compliance with SEFA requirements. We expect this finding to be resolved by end of FY 2017.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

2011-21	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2010				
2010-12	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2010-14	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2010-15	Fund Balance - Encumbrances	FY 2018	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.
2010-16	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2009				
2009-15	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2009-17	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2009-18	Fund Balance - Encumbrances	FY 2018	Larrisa Larson	We are reviewing past encumbrances and have made the necessary corrections thus far. Also in progress is a review of our policies and procedures and will make the necessary changes to ensure precise reporting.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENT FINDINGS

FISCAL YEAR: September 30, 2021

2009-19	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2008				
2008-12	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2008-15	Compensated Absences	FY 2017	Bernadita Palacios	DOF will establish a calendar review of these leave balance and ensure timely review of payroll records. Compensated absences payable will be updated frequently.
2008-16	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.
2007				
2007-9	Tax Rebates Payable	Ongoing	Maria T. White Canice M. Diaz	There have been significant increase in personnel in February 2017 and as such, we hope to implement most, if not all, the recommendations by the start of FY 2018.
2007-11	CNMI Local Noncompliance	Ongoing	Larrisa Larson Virginia Villagomez	Corrective Action Taken: The CNMI agrees with this finding and continuously works towards compliance with the Appropriations and Budget Authority Act. Areas affecting public health, welfare and safety are important issues to the CNMI as resources (personnel and medical) are not readily available on island and thus incurred additional expenditures beyond initial budget. We expect revenue to increase in the following years to bring to balance such budgetary shortfalls. Measures are in place to keep within budgetary targets for agencies that do not have a direct role with the public safety and welfare.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS FISCAL YEAR: September 30, 2021

CNMI - Prepared Schedule											
Ref. Number	ALN	Findings	Questioned Costs	Status	Status Change Date	Date Reviewed	Contact Person	Agency	Remarks	QC Resolved	\$Amt Bal Carry Forward
\$ 69,822,065										\$ 17,457,609	\$ 52,364,456
FY2020											
2020-023	10.539	Eligibility	\$20,901.00	9 - Ongoing		12/19/2023	Margaret Aldan, NAP Administrator	NAP	Dec 11- Received CAP from OIA May 2024: NAP is waiting on the determination letter from the federal agency for the resolution of this finding.		\$ 20,901
2020-024	10.539	Matching, Level of Effort, Earmarking	\$178,399.00	9 - Ongoing		12/19/2023	Margaret Aldan, NAP Administrator	NAP	Dec 11- Received CAP from OIA May 2024: NAP is waiting on the determination letter from the federal agency for the resolution of this finding.		\$ 178,399
2020-025	10.539	Period of Performance	\$10,276.00	9 - Ongoing		12/19/2023	Margaret Aldan, NAP Administrator	NAP	Dec 11- Received CAP from OIA May 2024: NAP is waiting on the determination letter from the federal agency for the resolution of this finding.		\$ 10,276
2020-026	10.539	Procurement and Suspension and Debarment	\$10,545.00	9 - Ongoing		12/19/2023	Margaret Aldan, NAP Administrator	NAP	Dec 11- Received CAP from OIA May 2024: NAP is waiting on the determination letter from the federal agency for the resolution of this finding.		\$ 10,545
2020-027	11.016	Allowable Costs/Cost Principles	\$1,957,419.00	9 - Ongoing		12/19/2023	Francisco Cabrera, Secretary of Commerce	Commerce	Dec 11- Received CAP from OIA Determination letter received 5/24/24 from Contracting Officer, U.S. Census Bureau, confirming the resolution of this finding and questioned cost.		\$ 1,957,419
2020-028	11.016	Equipment and Real Property Management		9 - Ongoing		12/19/2023	Francisco Cabrera, Secretary of Commerce	Commerce	Dec 11- Received CAP from OIA Determination letter received 5/24/24 from Contracting Officer, U.S. Census Bureau, confirming the resolution of this finding and questioned cost.		
2020-029	11.016	Procurement and Suspension and Debarment	\$62,207.00	9 - Ongoing		12/19/2023	Francisco Cabrera, Secretary of Commerce	Commerce	Dec 11- Received CAP from OIA Determination letter received 5/24/24 from Contracting Officer, U.S. Census Bureau, confirming the resolution of this finding and questioned cost.		\$ 62,207
2020-030	15.875	Equipment and Real Property Management		9 - Ongoing			Elizabeth Balajadia, CIP Administrator	CIP	June 2024: Update to be provided by CIP.		
2020-031	15.875	Period of Performance	\$66,936.00	3 - Awaiting Determination Letter		12/22/2023	Elizabeth Balajadia, CIP Administrator	CIP	Dec 11- Received CAP from OIA May 2024: The CIP representative has reached out to the federal agency regarding the resolution of this finding. Currently awaiting response from the federal agency.		\$ 66,936
2020-032	15.875	Procurement and Suspension and Debarment	\$31,059.00	9 - Ongoing		12/19/2023	CIP OGM DLNR	CIP	Dec 11- Received CAP from OIA May 2024: The CIP representative has reached out to the federal agency regarding the resolution of this finding. Currently awaiting response from the federal agency.		\$ 31,059
2020-033	15.875	Subrecipient Monitoring		9 - Ongoing		12/19/2023	CIP OGM DLNR	CIP	Dec 11- Received CAP from OIA May 2024: The CIP representative has reached out to the federal agency regarding the resolution of this finding. Currently awaiting response from the federal agency.		
2020-034	15.875	Special Tests and Provisions - Grant Terms and Conditions		1 - Closed/Resolved		12/19/2023	Elizabeth Balajadia, CIP Administrator	CIP	Dec 11, 2023 - OIA letter received confirming finding has been resolved.		
2020-035	17.225	Activities Allowed or Unallowed	\$770.00	9 - Ongoing		12/19/2023	Leila Staffler, Secretary of Labor	DOL	Dec 11- Received CAP from OIA May 2024: OGM has followed up with the Agency and has not received any update to date.		\$ 770
2020-036	17.225	Allowable Costs/Cost Principles	\$219,547.00	9 - Ongoing		12/19/2023	Leila Staffler, Secretary of Labor	DOL	Dec 11- Received CAP from OIA May 2024: OGM has followed up with the Agency and has not received any update to date.		\$ 219,547
2020-037	17.225	Eligibility	\$2,071,943.00	9 - Ongoing		12/19/2023	Leila Staffler, Secretary of Labor	DOL	Dec 11- Received CAP from OIA May 2024: OGM has followed up with the Agency and has not received any update to date.		\$ 2,071,943
2020-038	17.225	Reporting		9 - Ongoing		12/19/2023	Leila Staffler, Secretary of Labor	DOL	Dec 11- Received CAP from OIA May 2024: OGM has followed up with the Agency and has not received any update to date.		
2020-039	17.225	Special Tests and Provisions - UI Program Integrity - Overpayments		9 - Ongoing		12/19/2023	Leila Staffler, Secretary of Labor	DOL	Dec 11- Received CAP from OIA May 2024: OGM has followed up with the Agency and has not received any update to date.		
2020-040	21.019	Activities Allowed or Unallowed	\$19,600,539.00	9 - Ongoing		12/19/2023	Tracy Norita, Secretary of Finance	DOF	Dec 11- Received CAP from OIA May 2024: DOF is currently in communication with the grantor in hopes to resolve this finding.		\$ 19,600,539
2020-041	21.019	Allowable Costs/Cost Principles	\$14,632,280.00	9 - Ongoing		12/19/2023	Tracy Norita, Secretary of Finance	DOF	Dec 11- Received CAP from OIA May 2024: DOF is currently in communication with the grantor in hopes to resolve this finding.		\$ 14,632,280
2020-042	21.019	Period of Performance		9 - Ongoing		12/19/2023	Tracy Norita, Secretary of Finance	DOF	Dec 11- Received CAP from OIA May 2024: DOF is currently in communication with the grantor in hopes to resolve this finding.		
2020-043	21.019	Reporting	\$70,711.00	9 - Ongoing		12/19/2023	Tracy Norita, Secretary of Finance	DOF	Dec 11- Received CAP from OIA May 2024: DOF is currently in communication with the grantor in hopes to resolve this finding.		\$ 70,711



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2020-044	84.126	Matching, Level of Effort, Earmarking	\$35,553.00	9 - Ongoing			James Rayphand, OVR Director	OVR	July 2024: Need to follow-up with Agency for a determination letter. Letter from USDOF dated September 9, 2022 refers to an approved request to partially waive the MOE requirement.	\$ 35,553
2020-045	84.126	Reporting		9 - Ongoing		12/19/2023	James Rayphand, OVR Director	OVR	Dec 11- Received CAP from OIA	
2020-046	84.425	Matching, Level of Effort, Earmarking	\$2,215,788.00	9 - Ongoing		12/19/2023	Tracy Norita, Secretary of Finance	DOF	Dec 11- Received CAP from OIA May 2024: DOF is currently in communication with the grantor in hopes to resolve this finding.	\$ 2,215,788
2020-047	84.425	Subrecipient Monitoring		9 - Ongoing		12/19/2023	Tracy Norita, Secretary of Finance	DOF	Dec 11- Received CAP from OIA May 2024: DOF is currently in communication with the grantor in hopes to resolve this finding.	
2020-048	93.575	Allowable Costs/Cost Principles	\$65,891.00	1 - Closed/Resolved	11/16/2023	5/1/2024	Maribel Loste, Childcare Director	CCDF	Determination Letter from ACF dated 11/16/2023.	\$ 65,891
2020-049	93.575	Eligibility	\$6,900.00	9 - Ongoing	11/16/2023	5/1/2024	Maribel Loste, Childcare Director	CCDF	Determination Letter from ACF dated 11/16/2023. Not closed but QC is removed.	\$ 6,900
2020-050	93.575	Matching, Level of Effort, Earmarking	\$392,972.00	1 - Closed/Resolved	11/16/2023	5/1/2024	Maribel Loste, Childcare Director	CCDF	Determination Letter from ACF dated 11/16/2023.	\$ 392,972
2020-051	93.575	Special Tests and Provisions - Health and Safety Requirements	\$663,275.00	9 - Ongoing / Partially Closed	11/16/2023	5/1/2024	Maribel Loste, Childcare Director	CCDF	Determination Letter from ACF dated 11/16/2023. Partially closed for condition 1 and QC stays; Ongoing for condition 2.	\$ 663,275
2020-052	93.767	Allowable Costs/Cost Principles	\$2,338,718.00	9 - Ongoing		12/19/2023	Vicenta Borja, Medicaid Director	Medicaid	Dec 11- Received CAP from OIA May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$ 2,338,718
2020-053	93.767	Special Tests and Provisions - Provider Eligibility		9 - Ongoing		12/19/2023	Vicenta Borja, Medicaid Director	Medicaid	Dec 11- Received CAP from OIA May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	
2020-054	93.767	Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers		9 - Ongoing		12/19/2023	Vicenta Borja, Medicaid Director	Medicaid	Dec 11- Received CAP from OIA May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	
2020-055	93.778	Allowable Costs/Cost Principles	\$74,499.00	9 - Ongoing		12/19/2023	Vicenta Borja, Medicaid Director	Medicaid	Dec 11- Received CAP from OIA May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$ 74,499
2020-056	93.778	Special Tests and Provisions - ADP Risk Analysis and System Security Review		9 - Ongoing		12/19/2023	Clifford Aldan, Chief Information Officer	OIT	Dec 11- Received CAP from OIA May 2024: OGM has followed up with the Agency and has not received any update to date.	
2020-057	93.778	Special Tests and Provisions - Provider Eligibility and Provider Health and Safety Standards	\$99,547.00	9 - Ongoing		12/19/2023	Vicenta Borja, Medicaid Director	Medicaid	Dec 11- Received CAP from OIA May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$ 99,547
2020-058	97.036	Allowable Costs/Cost Principles	\$2,167,425.00	9 - Ongoing		4/3/2024	Patrick Guerrero, Authorized Representative	PAO	Apr 3 - Received documentation from FEMA that finding will remain open.	\$ 2,167,425
2020-059	97.036	Period of Performance	\$675,000.00	1 - Closed/Resolved	4/2/2024	4/3/2024	Patrick Guerrero, Authorized Representative	PAO	Apr 3 - Received Determination Letter from FEMA dated 4/2/2024	\$ 675,000
2020-060	97.036	Subrecipient Monitoring		1 - Closed/Resolved	4/2/2024	4/3/2024	Patrick Guerrero, Authorized Representative	PAO	Apr 3 - Received Determination Letter from FEMA dated 4/2/2024	
2020-061	97.039	Allowable Costs/Cost Principles	\$205,071.00	9 - Ongoing		4/3/2024	Patrick Guerrero, Authorized Representative	PAO	Apr 3 - Received documentation from FEMA that finding will remain open.	\$ 205,071
2020-062	20.205	Procurement and Suspension and Debarment		9 - Ongoing		12/19/2023	Ray Yumul, Secretary of Public Works	DPW	Dec 11- Received CAP from OIA. May 2024: DPW team is gathering documents for the resolution of their finding and will be providing updates once they have everything together.	
\$ 47,874,171										\$ 1,140,763

FY2019										
2019-015	10.551/10.561	Allowable Costs / Cost Principles	\$ 50,004.00	0 - Warranting No Further Action	4/4/2024	4/16/2024	Margaret Aldan, NAP Administrator	NAP	The CNMI agrees with the recommendation and as the responsible party for this function of the federal award, the CNMI is working with Nutrition Assistance Program (NAP) to address this deficiency. It has been noted that NAP periodically performs on a monthly basis reconciliation of food coupons against the redemption reports or bank statements. DOF also utilizes the bank statements as the source to draw final funds for each month. To verify and confirm accuracy and consistency, the CNMI will work with NAP to ensure there are no variances between the General Ledger entries, the bank reports and the monthly reconciliation of food coupons. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 50,004
2019-016	15.875	Equipment and Real Property		9 - Ongoing			Elizabeth S. Balajadia, CIP Administrator	CIP	The Department of Finance is in the process of adopting a new financial management system which will be an end user friendly that will incorporate the requires documents as stated in the grant terms and conditions to be able to populate the required information for compliance in property management and procedures. The new system maintains a flexible application to easily manage asset management and capital inventory for the department and agencies. The Company has begun the work for the transition to the new financial management system and will go live January 2022.	



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2019-017	15.875	Procurement and Suspension and Debarment	\$363,800.0	9 - Ongoing			Sylvan Igisomar Secretary of DLNR	DLNR	The office of grants management received approval from the federal grantor (Office of Insular Affairs) for a transfer of expenses to BU 19875M for payment of prior incurred expenses by the CNMI government. In relations to procurement regulation compliance, the grant award did stipulate that procurement regulations must be adhered to , however , as the expenses were initially recorded under the previous BU's (1694 and 1365), the procurement process should have already been completed.	\$ 363,800
2019-018	15.875	Reporting	\$51,563.0	9 - Ongoing			Sylvan Igisomar Secretary of DLNR	DLNR	Condition 1: The Office of Management and budget agrees to this finding . The semi-annual report has been completed and prepared for the respective fiscal year. The program obtained the established schedule from the federal agency and reminders have been set prior to report due dates. Condition 2: The Office of Management and Budget agrees to this finding. OMB will coordinate the journal entry to transfer excess expenditure in business unit I17CIC, I17CIE, I17CJF, I17CIK, and I17CIL, for the services provided to FAS citizens. OMB will amend the SF 425 to reflect on actual expenditures received.	\$ 51,563
2019-019	15.875	Subrecipient Monitoring		9 - Ongoing			Elizabeth S. Balajadia, CIP Administrator	CIP	The listed federal awards were previously submitted in preceding audit requests. The program did include most of the information as stated in Condition 2. The CIP Office has incorporated the required information listed in condition 2 in the Subrecipient Monitoring Agreement. A copy of the revised agreement has been sent to the subrecipient for acknowledgment and signature. The CIP Office agrees that the responsible personnel should obtain more training in the area of subrecipient monitoring and a revision to establish and implement policies and procedures to reflect the changes and/or updates in the compliance for the applicable subrecipient monitoring requirements.	
2019-020	93.767	Eligibility		9 - Ongoing			Vicenta Borja, Acting Director Commonwealth Medicaid Agency	Medicaid	Yes, we do agree Medicaid made an error on both eligibility income calculations. CMA will enforce thorough review of supporting documents and validate income calculations are correct.	
2019-021	93.767	Special Tests and Provisions-Provider Eligibility		9 - Ongoing			Vicenta Borja, Acting Director Commonwealth Medicaid Agency	Medicaid	We agree with these findings , CMA is making every effort each year to improve the maintenance of provider applications and supporting documents.	
2019-022	93.778	Special Tests and Provisions - ADP		0 - Warranting No Further Action	4/4/2024	4/16/2024	Frank Celis, Director, Division of Information Technology Services	OIT	The Division of Information Technology Services has developed the policies and procedures to be in compliance with the program's ADP security system. It has been reviewed and approved by the Secretary of Finance and has been formally implemented into the current process. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	
2019-023	93.778	Special Tests and Provisions - Provider Eligibility		9 - Ongoing			Vicenta Borja, Acting Director Commonwealth Medicaid Agency	Medicaid	We agree with these findings . CMA is making every effort each year to improve the maintenance of provider applications and supporting documents.	
2019-024	97.036	Period of Performance	\$3,274,353.0	1 - Closed/Resolved	14-Feb-23	21-Nov-23	Virginia C. Villagomez, Governor's Authorized Representative, CNMI	PAO	1. As part of Public Assistance (PA) Closeout Processes, current Implementation and monitoring measures are in a place to ensure that all required closeout documents pertaining to the completed project scope of work by subrecipient's with validation by the CNMI PA Office are submitted to the regional PA office, While these mechanisms have been established for the closeout reporting of subrecipient's and approved cope of work , additional documentation and components are needed for inclusion and monitoring of liquidation regulations. Liquidation deadlines will be detailed and documentation into subrecipient monitoring checklists and mechanisms to ensure that timely liquidations occur and that, when needed, timely extension requested are submitted for grantor consideration and approval. 2. Effective immediately, the CNMI PA Office will include the liquidation regulations as a critical component of subrecipient monitoring processes alongside closeout reporting regulations, The CNMI PA office has monitored the completion of project work and deliverables within approved Periods of Performance (POP); however, the liquidation deadline monitoring is an area that will be highlighted of equal importance, included in the monitoring process and detailed accordingly, Liquidations will be referenced based on 2 C.F.R. §200.343. 3. All CNMI PA projects will be examined to determine compliance with liquidation regulations by May 2021. The Pao's immediate attention will be directed to correct any oversight in meeting liquidation of obligations requirements. Through the review, monitoring and communication with CNMI PA projects, request(s) to FEMA will be submitted for any projects that may need extensions to the Period of Performance end date, the closeout reporting, and liquidation deadline.	\$ 3,274,353



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2019-025	97.036	Subrecipient Monitoring		1 - Closed/Resolved	14-Feb-23	21-Nov-23	Virginia C. Villagomez, Governor's Authorized Representative, CNMI	PAO	The CNMI through the Public Assistance Office (PAO), hired a Compliance and Audit personnel in early January of this year. This personnel's primary responsibility is to evaluate internal controls within the agency and establish written subrecipient monitoring policies and procedures and to ensure implementation to comply with 2 CFR Part 200, Subpart D. - Subrecipient Monitoring Management, and Subpart F - Audit Requirements. Additionally, the PAO is in the process of revisiting its subrecipient agreement to include all required information to ensure every subaward is clearly identified to the subrecipient as stipulated in 2 CFR §200.322(a)(1) - Requirements for pass-through entities. Federal Award Identification.		
			\$ 3,739,720							\$ 3,324,357	\$ 415,363
FY2018											
2018-015	15.875	Allowable Costs/Cost Principles	\$	9 - Ongoing			Elizabeth Balajadia CIP Administrator	CIP	<p>Update September 2020: The DOF conducts an annual review of accounts to ensure that grants that are old, closed, and inactive are properly controlled in the system to prevent erroneous, invalid transactional postings. Our standard operating procedures assign an individual to monitor and report on federal programs based on the Federal Agency. In addition, since our inclusion in the Government Finance Officers Association (GFOA), through the support of the Office of Insular Affairs, we have also implemented performance measure to improve and ensure completion and timeliness of the required reporting, such as the SF-425.</p> <p>Our current systems do not support program-based accounting, and as such, significant resources, time and talent, is dedicated to ensure proper administration and support rather than program deliverables. CNMI has initiated procurement of additional software tools to aid in project-based accounting to increase timeliness of reviews and efficiency of tasks.</p> <p>---Previous Response--- Will defer to Ryan Camacho of the Department of Finance to appropriately address this issue. It was recommended that the CIP Office request a copy of the General Ledger Expenditure report of all business units associated with the CIP program prior to submission to auditors for review and request for adjustments that may need to be made if any.</p> <p>Business unit (BU) 5192 is an old grant and has expired. However, this business unit was part of the older Capital Improvement Program, which had a federal and local cost share of 50% of the total project cost. The obligation for the construction of the Tinian Transfer Station (683-05) was made to BU 5192 for the remaining local CIP available funds.</p> <p>The CIP Office will request from the Department of Finance a list of cumulative expenses incurred and we will monitor and reconcile against the approved funding.</p> <p>Ryan Camacho: The business unit has been corrected after the submission of ledger details and adjustments have been made. These expenditures are not included in the S.E.F.A. as they are funded from local CIP funds.</p>	\$	\$
2018-016	15.875	Equipment and Real Property Management	\$	9 - Ongoing			Elizabeth Balajadia CIP Administrator	CIP	<p>Update September 2020: The Division of Procurement and Supply (P&S) has developed and implemented the Fixed Asset Inventory Reconciliation (FAIR) program. This 6-phase program requires all departments and offices of the central government to provide annual updates from the agencies and reconciliation to our asset management system. Audit-identified agencies are reported to have submitted their initial updates to P&S on or before June 30, 2020. P&S is currently reviewing these preliminary submissions and will be working to reconcile various information. Additionally, this program will allow us to determine high-risk agencies for more frequent inspections and controls. Our current technological systems makes executing this program highly manual and labor-intensive. CNMI is currently seeking support to upgrade the financial and resource management system to improve efficiencies in agency updates, review notifications, accurate reporting and analyses.</p> <p>---Previous Response--- We determined that only fiscal years 2014 and 2015 are part of the CIP program and the remaining fiscal years are part of the MAP or TAP grants, which is administered by the Office of Grants Management. We have reviewed the capital inventory listing and identified which capital inventory was purchased for the respective department/agency. The CIP office will submit a transfer for the equipment to the respective department/agencies.</p> <p>The CIP office will submit a request annually to P&S by the end of July for a list of fixed assets and capital inventory to complete an assessment of annual inventory of property to ensure compliance on the state of use, management and disposition of equipment procured under OIA 702 grant funds.</p>	\$	\$



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2018-017	15.875	Subrecipient Monitoring	\$ -	9 - Ongoing		Elizabeth Balajadia CIP Administrator	CIP	<p>Update September 2020: The CNMI has developed templates to meet requirements of sub-recipient monitoring and is provided to new and on-going federal program managers through the Office of Grants Management. Additionally, the Department of Defense has agreed to fund training programs for grant managers and other federal program staff to improve compliance of sub-recipient monitoring and other Uniform Guidance requirements. We anticipate training to resume by the year end or when conditions are manageable during the COVID-19 pandemic.</p> <p>---Previous Response--- Although the subrecipient agreement has been drafted and reviewed by the Office of the Attorney General, a standardized subrecipient agreement monitoring policies and procedures and checklists will be made for all CNMI departments /agencies. In addition, there is no formal training on subrecipient monitoring so a request for technical assistance for subrecipient monitoring training will be useful for grant managers to ensure compliance and completeness of the requirements by Uniform Code - CFR 200.</p>	\$ -	\$ -
2018-018	20.205	Equipment and Real Property Management	\$ -	9 - Ongoing		Lorraine M. Seman, Administrator, Highway Planning Program	DPW	<p>Update September 2020: The Division of Procurement and Supply (P&S) has developed and implemented the Fixed Asset Inventory Reconciliation (FAIR) program. This 6-phase program requires all departments and offices of the central government to provide annual updates from the agencies and reconciliation to our asset management system. Audit-identified agencies are reported to have submitted their initial updates to P&S on or before June 30, 2020. P&S is currently reviewing these preliminary submissions and will be working to reconcile various information. Additionally, this program will allow us to determine high-risk agencies for more frequent inspections and controls.</p> <p>Our current technological systems makes executing this program highly manual and labor-intensive. CNMI is currently seeking support to upgrade the financial and resource management system to improve efficiencies in agency updates, review notifications, accurate reporting and analyses.</p> <p>---Previous Response---</p> <ol style="list-style-type: none"> 1. DPW, TSD-Highway Branch has included in its inventory sheet "Federal participation" and "Federal Award Identification Number" and will resubmit its FY18 inventory list to the Department of Finance, Division of Procurement & Supply and to the Auditing firm, Deloitte & Touche. 2. DPW, TSD-Highway Branch has been in compliance with the Secretary of Public Works Directive (Corrective Action Plan and its process) but still encounter discrepancies because of Procurement & Supply's overall lump sum master list including inventories of both local and federal properties. To address the difference in the program total and P&S, Highway Branch has requested for a separate "Inventory Location Number" and continues to work with Procurement & Supply to separate its inventory from local. 3. DPW, TSD-HIGHWAY Branch and Deloitte agreed to remove Federal Award Projects CM-NH-0031(016), CM-NH-0033(023), CM-NH-2000(004), and TQ-THS-JTSS(002) from the audit finding as these projects are in compliance. 	\$ -	\$ -



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2018-019	20.509	Equipment and Real Property Management	\$	-	9 - Ongoing			Alfreda Camacho, Director, Commonwealth Office of Transit Authority	COTA	<p>Update September 2020: The Division of Procurement and Supply (P&S) has developed and implemented the Fixed Asset Inventory Reconciliation (FAIR) program. This 6-phase program requires all departments and offices of the central government to provide annual updates from the agencies and reconciliation to our asset management system. Audit-identified agencies are reported to have submitted their initial updates to P&S on or before June 30, 2020. P&S is currently reviewing these preliminary submissions and will be working to reconcile various information. Additionally, this program will allow us to determine high-risk agencies for more frequent inspections and controls. Our current technological systems makes executing this program highly manual and labor-intensive. CNMI is currently seeking support to upgrade the financial and resource management system to improve efficiencies in agency updates, review notifications, accurate reporting and analyses.</p> <p>---Previous Response--- The Commonwealth Office of Transit Authority, together with Mr. Ton Manahane at Procurement & Supply worked together to attain a copy of the most updated property listing. A comparison was conducted with the listing COTA provided for the audit performed by Deloitte: Ms. Carole Dela Cruz.</p> <p>COTA's listing are items currently being used or in good working condition. Procurement & Supply's listing are of all items/property acquired from the inception of the program. Some of the items/property in the listing with Procurement & Supply are no longer with the Program (damaged/past its' useful life) or are not in working condition.</p> <p>Another internal asset management inventory was conducted on Tuesday, July 23, 2019 and some of the items in question were located and resolved.</p> <p>We acknowledge that there is no documentation to support what happened to the items that are damaged and/or past its useful life. We find that the items in question are each under \$5,000.00. Majority, if not all, are dated back to 2013, in which, none of the current employees were employed with the program.</p> <p>Corrective Action: Going forward, a semi-annual inventory on all COTA's assets will be conducted in collaboration with Procurement and Supply to ensure and maintain a comparable listing. As the administrator for the Commonwealth Office of Transit Authority, all items over \$5,000.00 will be considered, "Equipment and Real Property". (Please refer to the attached property listing in Appendix A).</p>	\$	-	\$
2018-021	93.778	Special Tests and Provisions - ADP	\$	-	0 - Warranting No Further Action	4/4/2024	4/16/2024	Clifford Aidan	OIT	<p>Update September 2020: Since 2018 the CNMI Department of Finance has been working diligently to comply with the IRS Publication 1075 standards for data security. During this time, we have upgraded equipment, implemented new policies, and initiated new practices designed to better secure our data against theft, improve our disaster recovery capabilities, and enhance management oversight of data operations. These practices and policies will serve as a blueprint for other agencies in the CNMI to attain and maintain compliance with the ADP Security standards as well as other standards going forward. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$	-	\$
2018-022	93.778	Special Tests and Provisions - Provider Eligibility	\$	-	1 - Closed/Resolved			Helen C. Sablan, Director, Medicaid	Medicaid	<p>We agree with the audit finding. Since Guam Regional Medical City is a huge hospital facility with over a hundred medical personnel, we accepted a listing that included the names, titles and license information of all the providers. However, since we were made aware that we needed to attach each provider's licenses in the Provider's Agreement, we were able to completely obtain them. Moving forward, we will make sure that regardless of size or type of provider, we will obtain each and every license needed to complete the Provider Agreement.</p>	\$	-	\$



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2018-023	97.036	Reporting	\$ -	1 - Closed/Resolved			Patrick Guerrero, Authorized Representative	PAO	<p>Update September 2020: The DOF conducts an annual review of accounts to ensure that grants that are old, closed, and inactive are properly controlled in the system to prevent erroneous, invalid transactional postings. Our standard operating procedures assign an individual to monitor and report on federal programs based on the Federal Agency. In addition, since our inclusion in the Government Finance Officers Association (GFOA), through the support of the Office of Insular Affairs, we have also implemented performance measure to improve and ensure completion and timeliness of the required reporting, such as the SF-425.</p> <p>Our current systems do not support program-based accounting, and as such, significant resources, time and talent, is dedicated to ensure proper administration and support rather than program deliverables. CNMI has initiated procurement of additional software tools to aid in project-based accounting to increase timeliness of reviews and efficiency of tasks.</p> <p>---Previous Response--- DOF submitted the SF-425 and was finalized, but reclassifications were made on the individual accounts subsequent to the filing. Because the totals were unchanged from the report, DOF determined another report was not necessary. DOF can provide details of the accounts upon request.</p>	\$ -	\$ -
2018-024	97.036	Subrecipient Monitoring	\$ -	1 - Closed/Resolved	14-Feb-23	13-Feb-24	Patrick Guerrero, Authorized Representative	PAO	<p>Update February 2024: Received letter on February 14, 2023 from USDHS resolving finding. Update September 2020: The DOF conducts an annual review of accounts to ensure that grants that are old, closed, and inactive are properly controlled in the system to prevent erroneous, invalid transactional postings. Our standard operating procedures assign an individual to monitor and report on federal programs based on the Federal Agency. In addition, since our inclusion in the Government Finance Officers Association (GFOA), through the support of the Office of Insular Affairs, we have also implemented performance measure to improve and ensure completion and timeliness of the required reporting, such as the SF-425.</p> <p>Our current systems do not support program-based accounting, and as such, significant resources, time and talent, is dedicated to ensure proper administration and support rather than program deliverables. CNMI has initiated procurement of additional software tools to aid in project-based accounting to increase timeliness of reviews and efficiency of tasks.</p> <p>---Previous Response--- DOF submitted the SF-425 and was finalized, but reclassifications were made on the individual accounts subsequent to the filing. Because the totals were unchanged from the report, DOF determined another report was not necessary. DOF can provide details of the accounts upon request.</p>	\$ -	\$ -
			\$ -							\$ -	\$ -
FY2017											
2017-016	15.875	Equipment and Real Property	\$ -	9 - Ongoing		12/31/2018	Tracy Norita, Secretary of Finance	DOF	<p>The Department of Finance has submitted in its 2019 budget proposal to incorporate new technological systems to improve inventory (and other financial) procedures. The aim of this implementation is to process documents more efficiently, with less required human resources, and to maintain records to include information such as federal award identification number, source of property, title, percentage of federal participation, and use and condition of the property. Additionally, this will improve the time and effort needed for central government to reconcile records with program managers. A physical inventory of FY 2017 will be coordinated with program manager and Division of Procurement and Supply to address this finding.</p>	\$ -	\$ -
2017-017	15.875	Procurement and Suspension Debarment	\$ 1,356,194	9 - Ongoing			Sylvan Igisomar Secretary of DLNR	DLNR	<p>CNMI disagrees with this finding. Contracting office redetermines that Regulations 70-30-1-115(f) is not applicable in this matter because Contract 659-OS was implemented due to extraordinary circumstances to prevent Stipulated Orders from EPA. As such, CNMI determines that section (g) is applicable: "The head of contracting activity may, in exceptional cases, waive the requirement for submission of certified cost or pricing data. The authorization for the waiver and the reasons granting it shall be in writing." CIP office believes that extending the contract through change orders was more cost effective and timely rather than conducting open bids and engineering estimates as a price analysis was conducted in the beginning of the project. CNMI will continue to communicate with OIA regarding contract No. 659-OS as this has been related finding (2015-028, 2016-021).</p>	\$ -	\$ 1,356,194



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2017-018	15.875	Subrecipient Monitoring	\$ -	9 - Ongoing	6/30/2018		Elizabeth Balajadia CIP Administrator	CIP	1. The Subrecipient Agreement has been drafted and reviewed by the office of the Attorney General. All component units for sub grants for fiscal year 2017 have signed and executed subrecipients are required to review and sign the agreements annually, before the release of funds. 2. Sub recipient monitoring policies & procedures have been implemented and communicated to all sub recipients. Moving forward, all subrecipients are required to review and initial the document annually. Additionally, our office is aware that control procedures must be in place that require the subrecipients' reporting of audit findings related to 15.875. It is stated in the Subrecipient Monitoring Policies & Procedures that any and all independent audit findings for autonomous agencies must be reported to our office. A subrecipients monitoring checklist has been incorporated to facilitate in the monitoring process.	\$ -	\$ -
2017-019	20.205	Equipment and Real Property	\$ -	5 - Warranting No Further Action	12/30/2018		Lorraine M. Seman, Administrator, Highway Planning	DPW	1. Conduct physical inventory on a semi-annual basis and update inventory forms to include Federal Award numbers, and percentage of federal participation, and to remain separate from items purchased with local funds. 2. Include a separate listing to include infrastructure assets and maintain annually. 3. Coordinate with CNMI division of Procurement & Supply to update central records to include information such as but not limited to property records, transfers, surveyed properties and de-obligation records. In addition, propose inventory system to identify separately DPW/TSD from local. 4. Establish control procedures for monitoring of property files and equipment to include follow-up of requests for property survey/de-obligation/transfer, if any that our records are complete and accurate on a regular basis. Letter to Deloitte dated August 19, 2019. Two years have passed since submission.	\$ -	\$ -
2017-020	66.600	Equipment and Real Property	\$ 33,140	0 - Warranting No Further Action	4/4/2024	4/16/2024	Tracy Norita, Secretary of Finance	DOF	Condition 1. The Department of Finance is currently in award/procurement process to incorporate new technological systems to improve inventory (and other financial) procedures. Such implementation aims to efficiently process documents. With less required human resources, and to maintain records to include information such as federal award identification number, source of property, title, percentage if federal participation, and use and condition of the property. Condition 2- 5: A physical inventory of FY 2017 will be coordinated with program manager and Division of Procurement & Supply to address these findings. Through a TAP grant through OIA, CNMI has developed a system and process to conduct physical inventory for federally managed programs. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 33,140	\$ -
2017-021	66.600	Reporting	\$ -	0 - Warranting No Further Action	8/8/2019	11/21/2023	Gloria Castro, DEQ and Larrisa Larson, Secretary of Finance	DCRM & BECQ	The Department of Finance agrees that the figures reported in error need closer review. The Department of Finance disagrees with the statement that there are a lack of control over compliance with reporting requirements and monitoring of program income. Reports are done on a quarterly basis. Copies of these reports are distributed to the Department and the federal program officers on a quarterly basis as well. All supporting documentation are attached to the SF425s to support the information contained in the report. We believe this it be an isolated instance with zero question cost, but will take note of this occurrence and continue to comply with applicable regulations and monitor program income. - last communication 8/8/2019	\$ -	\$ -
2017-022	93.767	Eligibility	\$ -	1 - Closed/Resolved			Helen C. Sablan, Medicaid Director	Medicaid	See letter from Linda Gee (CMS/CMCS)	\$ -	\$ -
2017-023	93.778	Special Tests and Provisions	\$ -	1 - Closed/Resolved			Helen C. Sablan, Medicaid Director and Frank Celis	Medicaid	See email dated September 4, 2020 from Linda Gee (CMC/CMCS).	\$ -	\$ -
2017-024	97.036	Subrecipient Monitoring	\$ -	1 - Closed/Resolved			Virginia Villagomez, Authorized Representative	PAO	Letter from FEMA dated May 15, 2019	\$ -	\$ -
			\$ 1,389,334							\$ 33,140	\$ 1,356,194
FY2016											
2016-014	10.551	Allowable Costs/Cost Principles	\$ -	0 - Warranting No Further Action	4/4/2024	4/16/2024	Margaret Aldan, NAP Administrator	NAP	CNMI-NAP is in compliance with the yearly indirect cost rate. CNMI NAP prior to an annual budget negotiation must always have and present the current and approved Indirect Cost Rate with the Memorandum of Understanding to the USDA, Food and Nutrition Services (FNS). Indirect Cost Rate consists of two types: (1) Fixed Rate with Utilities direct charges, and (2) Fixed Rate without Utilities direct charges. During FY 2016, Fixed Rate with Utilities was 4.37% while Rate without utilities was 10.64%. CNMI NAP routinely applies the Rate with Utilities due to that NAP is paying its own utilities. In this case 4.37% was applied for FY 2016. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2016-015	10.551	Reporting	\$ 43,552.00	1 - Closed/Resolved			Walter Macaranas, NAP Administrator	NAP	CNMI NAP has identified Ms. Techelul N. Olkeril-Accountant IV- to be the person to monitor the reconciliation and accountability reports between the Issuance and Redemption Units for accuracy and completeness. Retail and Redemption Unit will maintain the coupons redeemed for a period of three (3) Months on a quarterly basis with the flexibility that whenever there is a discrepancy, NAP shall reverify the coupons redeemed for correctness. At the same time, Issuance Unit (BICA) is required to do a daily counts of coupons inventory as well as the benefit issued. If the reports are deemed to be inconsistent Ms. Techelul will notify the units involved for further verification on the reports. A re-verification report will be submitted to Techelul for corroboration. This new procedure will be maintained and practiced so the program funding is monitored and recorded accordingly. Determination Letter from USDA dated February 21, 2020.	\$ 43,552	\$ -
2016-021	15.875	Procurement and Suspension Debarment	\$ 5,708,658.00	0 - Warranting No Further Action			Virginia C. Villagomez, CIP Administrator	CIP	Per USDOJ letter dated May 22, 2018. Two years have passed since submission to FAC.	\$ 5,708,658	\$ -
2016-022	15.875	Subrecipient Monitoring	\$ -	1 - Closed/Resolved			Virginia C. Villagomez, CIP Administrator	CIP	1. The Subrecipient Agreement has been drafted and reviewed by the Office of the Attorney General. All component units for sub awarded grants for FY 2016 have signed this agreement. 2. The Subrecipient Monitoring policies and procedures have been implemented and communicated to all subrecipients which requires subrecipient to review and initial agreement. Two years have passed since submission to FAC. Corrective Action Taken: Completed 6/30/17	\$ -	\$ -
2016-029	97.036	Procurement and Suspension Debarment	\$ 271,048.00	1 - Closed/Resolved			Chellah Sablan, Financial Analyst	PAO	Per US Dept. of Homeland Security Appeal Letter dated April 7, 2020. Reviewed November 21, 2023.	\$ 271,048	\$ -
2016-031	10.551	Equipment and Real Property Management	\$ -	0 - Warranting No Further Action	4/4/24	4/16/24	Margaret Aldan, NAP Administrator	NAP	CNMI NAP currently have a full-time employee who foresee the Physical Inventory of all Equipment. Attached Exhibit B indicated all Federal and Local requirements of the physical inventory equipment from serial or federal award identification number, source of the property, who holds the title, percentage of federal participation in the cost of the property and use and condition of the property. Furthermore, a FY2016 NAP Inventory Listing was reconciled against Procurement and Supply Inventory Listing. NAP has made a requirement and recommended by the Auditor to do Inventory on all equipment twice a year to ensure that properties are accounted for and in compliance with state laws and procedures. Two years have passed since submission to FAC. Corrective Action Taken: Completed 4/5/2018 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2016-031	15.875	Equipment and Real Property Management	\$ -	9 - Ongoing			Sylvan Igisomar Secretary of DLNR	DLNR	The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records. There is a newly proposed set of policies and procedures for P&S. DOF is in the process of hiring a consultant to help train current and new employees to effectively carry out the duties set forth.	\$ -	\$ -
			\$ 6,023,258							\$ 6,023,258	\$ -
FY2015											
2015-28	15.875	Procurement and Suspension and Debarment	\$ 579,722.00	3 - Awaiting Determination Letter		12/1/2023	Nerissa Benavente Karakaya CIP COTR	CIP	*USDOJ Audit Resolution letter dated 08/03/2017 reinstating funds for conditions 2 and 6. *USDOJ OIA letter dated 12/22/2017 (SA MDL 1); see Finding 2016-21	\$ -	\$ 579,722
2015-36	15.875	Equipment and Real Property Management	\$ -	9 - Ongoing			Nerissa Benavente Karakaya CIP COTR	CIP	The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.	\$ -	\$ -
2015-36	20.205	Equipment and Real Property Management	\$ -	9 - Ongoing			Ray Yumul DPW Secretary	DPW	The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.	\$ -	\$ -
			\$ 579,722							\$ -	\$ 579,722
FY2014											
2014-019	10.551	Special Tests and Provisions	\$ 270,373	0 - Warranting No Further Action	4/4/2024	4/15/2024	Merced Muna, Benefit Issuance & Claims Accountability (BICA) Unit Supervisor	NAP	Actions and steps for claim notices to be sent out to NAP clients had been lessened and decreased to be able to meet the length of time for the notice to be mailed out. Benefit Issuance and Claim Accountability (BICA) Unit is currently operating with four (4) staffs. These staffs are more than enough to encounter the procedure of sending notices out on time to clients without any delays. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 270,373	\$ -
2014-033	15.875	Period of Availability of Federal Funds	\$ 4,896	1 - Closed/Resolved		12/1/2023	Nerissa Benavente Karakaya CIP COTR	CIP	The CIP Office has implemented policies and procedures to track expenses and reports to ensure expenditure within grant period.	\$ 4,896	\$ -



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2014-034	15.875	Procurement and Suspension and Debarment	\$ 1,060,520	3 - Awaiting Determination Letter			Nerissa Benavente Karakaya CIP COTR	CIP	Name of Contact Person: Virginia C. Villagomez, CIP Administrator Corrective Action: Going forward, the CIP office has implemented evaluation procedures in procuring project managers that will ensure fairness in the selection process and compliance with procurement regulations. Proposed Completion Date: Immediate Corrective Action Taken:	\$ -	\$ 1,060,520
2014-035	15.875	Subrecipient Monitoring	\$ -	3 - Awaiting Determination Letter			Nerissa Benavente Karakaya CIP COTR	CIP	1. A subrecipient agreement has been drafted for all component units receiving sub-awards. Upon execution of the agreement, monitoring requirements will be implemented. 2. In collaboration with Graduate School USA, our office has developed standard tools to be used for monitoring activities. Corrective Action Taken:	\$ -	\$ -
2014-036	15.875	Special Tests and Provisions	\$ -	3 - Awaiting Determination Letter			Nerissa Benavente Karakaya CIP COTR	CIP	Name of Contact Person: Virginia C. Villagomez, CIP Administrator Corrective Action: To ensure future compliance the Capital Improvement Office has developed a comprehensive check list for all projects that includes the submission of land title certification requirement Proposed Completion Date: Ongoing Corrective Action Taken:	\$ -	\$ -
2014-037	20.205	Procurement and Suspension and Debarment	\$ -	9 - Ongoing			Maegan Agulto, Finance Coordinator	DPW	Name of Contact Persons: James A. Ada, Secretary of Public Works, Anthony Camacho, Acting Director of Technical Services Division and GERALYN C. DELA CRUZ, Highway Administrator Corrective Action: The project contract executed was in the old format which did not include this provision. DPW is currently routing a contract change order to include this provision in the said contract. Proposed Completion Dates: FY 2016	\$ -	\$ -
2014-038	66.600	Equipment and Real Property Management	\$ -	1 - Closed/Resolved		21-Nov-23	Richard Salas, Director, Coastal Resource Mgt	DCRM	Corrective action has been taken. Name of Contact Person: : Gloria S. Castro, Administrative Service Manager, BECQ Corrective Action: Of the four items that could not be located by the auditor, BECQ found item MP-18547CM (a PH meter) in the chemistry lab. ITEM-38533 (a battery backup) was surveyed and received by P&S on 05/12/14. ITEM-41817 (a labeling machine and MP18060CM (a Printer/Deskjet 5750) were surveyed and received by P&S on 11/14/13. Proposed Completion Date: Ongoing	\$ -	\$ -
2014-039	66.600	Procurement and Suspension and Debarment	\$ 12,912	1 - Closed/Resolved	9/16/2019	13-Mar-24	Richard Salas, Director, Coastal Resource Mgt	DCRM	Corrective action has been taken. Name of Contact Person: Gloria S. Castro, Administrative Service Manager, BECQ Corrective Action: Condition 1: BECQ ordinarily tries to get multiple quotations for purchases of goods and services. BECQ followed the CNMI procurement regulations and policies in place, which do not require obtaining quotations for travel. Transportation is not specifically addressed in the CNMI Procurement Regulations and DOF uses established, written DOF policies when procuring government travel. Moreover, BECQ has complied with the grantor's requirements for off island travel for all three expenditures listed with respect to document nos. 1169003, 1192021 and 1154604. In accordance with EPA's April 15, 2015 letter regarding BECQ's approved procurement practices and in accordance with programmatic condition P1 of the cooperative agreement, BECQ has satisfied this finding where EPA's PIO Program Manager has approved the travel expenses. Condition 2: All four BECQ contracts (contract nos. 556615 OC, 567038 OC, 538598 OC and 577142 OC) already contain the following terms and conditions: "Contractor will comply ... with Executive Order 11246 of September 24, 1965 entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967 and as supplemented in the Department of Labor regulations (41 CFR Chapter 60) (all contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees). Proposed Completion Date: Ongoing	\$ 12,912	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2014-040	66.600	Reporting	\$ -	1 - Closed/Resolved	9/16/2019	13-Mar-24	Richard Salas, Director, Coastal Resource Mgt	DCRM	<p>Corrective action has been taken</p> <p>Name of Contact Person: Gloria S. Castro, Administrative Service Manager, BECQ</p> <p>Corrective Action: In accordance with programmatic condition P5 of the cooperative agreement, BECQ retained and made available all program income generated to support the activities associated with the consolidated environmental program. BECQ maintained records which account for program income. Accordingly, BECQ provided the EPA project officer an accounting of all program income received and a description of how those funds have or will be utilized to support the overall environmental program. The Office of Finance & Accounting is the agency responsible for all SF-425 reporting requirements. The Office of Finance & Accounting has provided BECQ a copy ensuring that the program income reporting requirement is in compliance to date.</p> <p>Proposed Completion Date: Ongoing</p>	\$ -	\$ -
2014-041	93.575	Allowable Costs/Cost Principles	\$ 36,634	1 - Closed/Resolved		12/5/2023	Maribel Lose	CCDF	<p>Corrective action has been taken.</p> <p>Name of Contact Person: Maribel Lose, Child Care and Development Fund (CCDF) Administrator and Roselle Teregeyo, CCDF Accountant</p> <p>Corrective Action: The CCDF Program relies solely on DOF for guidance for the most appropriate and latest negotiated indirect cost rates. The approved indirect cost rate for FY2014 was received on 12/12/14. The general ledger was adjusted in December 2014 only for accounts under business unit H3575A-F and not H2575A-F as reports were finalized in September 2014.</p> <p>Proposed Completion Date: Ongoing</p>	\$ 36,634	\$ -
2014-042	93.575	Eligibility	\$ 10,242	1 - Closed/Resolved		12/5/2023	Maribel Lose	CCDF	<p>Corrective action has been taken.</p> <p>Name of Contact Person: Maribel Lose, CCDF Administrator and Vince Rabauliman, CCDF Administrative Manager</p> <p>Corrective Action: We agree with the finding. Current policies and procedures on timing of application and renewal will be reviewed and changed to ensure that applications and renewals are timely received. In addition to Eligibility Specialists (ESs) routinely conducting review of files, ESs will conduct peer reviews of files bi-annually to ensure that all necessary documents related to eligibility are available and updated.</p> <p>Proposed Completion Date: Ongoing</p>	\$ 10,242	\$ -
2014-043	93.575	Equipment and Real Property Management	\$ -	1 - Closed/Resolved		12/5/2023	Maribel Lose	CCDF	<p>Corrective action has been taken.</p> <p>Name of Contact Person: Maribel Lose, CCDF Administrator and Vince Rabauliman, CCDF Administrative Manager</p> <p>Corrective Action: The CCDF Office will review its current policies and procedures on property management and will amend them to include random visual "spot checks" throughout the year for all properties and equipment purchased under the Program. It will conduct a review annually of the complete listing of all properties to ensure that the listing is updated.</p> <p>Proposed Completion Date: Ongoing</p>	\$ -	\$ -
2014-044	93.575	Reporting	\$ -	1 - Closed/Resolved		12/5/2023	Maribel Lose	CCDF	<p>Corrective action plan has been taken.</p> <p>Name of Contact Person: Maribel Lose, CCDF Administrator and Roselle Teregeyo, CCDF Accountant</p> <p>Corrective Action: There is no requirement by the Administration for Children and Families (ACF) to report program income on the ACF 696 for the CCDF Program. There is no category on this report to indicate the amount of program income earned. The 696 report is the only report required by ACF to report CCDF expenditures. The SF-425 report is primarily handled by DOF. The CCDF Office will work with DOF to ensure that this report is timely submitted.</p> <p>Proposed Completion Date: Ongoing</p>	\$ -	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2014-045	93.575	Special Tests and Provisions	\$	-	1 - Closed/Resolved		12/5/2023	Maribel Lose	CCDF	<p>Corrective action has been taken.</p> <p>Name of Contact Person: Maribel Lose, CCDF Administrator and Roselle Teregeyo, CCDF Accountant</p> <p>Corrective Action: The CCDF Program will establish policies and procedures to ensure that requirements of the Transparency Act of 2006 are addresses.</p> <p>Proposed Completion Date: Ongoing</p>	\$	-	\$
2014-051	20.205	Allowable Costs/Cost Principles	\$	-	9 - Ongoing			Richard Salas, Director, DCRM Frank M. Rabauliman, Administrator, BECQ	DCRM & BECQ	<p>Name of Contact Person: James A. Ada, Secretary of Public Works, Anthony Camacho, Acting Director of Technical Services Division and GERALYN C. DELA CRUZ, Highway Administrator</p> <p>Corrective Action: The CNMI Department of Public Works (DPW) began implementing the requirement to submit activity timesheets per pay period effective September 2014. These timesheets reflect hours worked solely for the federal aid program administered by the Federal Highway Administration. DPW will continue to implement this system and ensure that all employees performing work under the said program submit and certify the hours associated this program.</p> <p>Proposed Completion Date: Ongoing</p>	\$	-	\$
2014-051	66.600	Allowable Costs/Cost Principles	\$	-	1 - Closed/Resolved		21-Nov-23	Frances Castro, Director, DCRM Frank M. Rabauliman, Administrator, BECQ	DCRM & BECQ	<p>Corrective action has been taken.</p> <p>Name of Contact Person: Gloria S. Castro, Administrative Service Manager, BECQ</p> <p>Corrective Action: As of 2014, all BECQ employees began signing bi-weekly timesheets to evidence hours worked on federal grant activities. This year, BECQ will comply with 2 CFR Part 225 and will certify employee time worked solely on federal programs on a semi-annual basis to satisfy the requirement of OMB A-87.</p> <p>Proposed Completion Date: Ongoing</p>	\$	-	\$
2014-052	10.551	Equipment and Real Property Management	\$	-	9 - Ongoing			Margaret Aldan NAP Administrator	NAP	<p>Name of Contact Person: Walter Macaranas, NAP Administrator</p> <p>Corrective Action: The physical inventory for FY 2013 was completed on March 19, 2014. The reconciliation performed by P&S for FY 2013 was completed on October 3, 2014. The physical inventory for FY 2014 was completed on September 26, 2014. The reconciliation performed by P&S for FY 2014 was completed on May 7, 2015. NAP will complete the FY 2015 physical inventory by September 30, 2015. At such time, we will request P&S to perform reconciliation of the FY 2015 physical inventory. For each succeeding fiscal year, NAP will perform physical inventories by the closing of each fiscal year period</p> <p>Proposed Completion Date: Ongoing</p>	\$	-	\$
2014-052	11.419	Equipment and Real Property Management		0	5 - Warranting No Further Action			Richard Salas, Director, DCRM	DCRM	<p>Name of Contact Person: Janice Castro, Director, DCRM, BECQ and Herman Sablan, Director, P&S Repeated: 2016-16</p> <p>Email from grantor stipulating findings for 2014 are closed. Grantor is responding to 2015 & 2016 findings</p> <p>Warranting no further action</p>	0	-	0
2014-052	15.875	Equipment and Real Property Management	\$	-	9 - Ongoing			Margaret Aldan NAP Administrator	NAP	<p>The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.</p>	\$	-	\$
2014-052	20.205	Equipment and Real Property Management	\$	-	0 - Warranting No Further Action	4/4/2024	4/15/2024	Margaret Aldan NAP Administrator	NAP	<p>Name of Contact Person: James A. Ada, Secretary of Public Works, Anthony Camacho, Acting Director of Technical Services Division and GERALYN C. DELA CRUZ, Highway Administrator</p> <p>Corrective Action: DPW keeps its internal inventory of equipment and property. DPW will send a formal request to P&S to perform a physical inventory of equipment and property. DPW will further ensure that its internal inventory contains the necessary required information (i.e. serial number, source of property, title, etc.)</p> <p>4/12/2024 - In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$	-	\$



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FISCAL YEAR: September 30, 2021

2014-052	66.600	Equipment and Real Property Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Margaret Aldan NAP Administrator	NAP	Name of Contact Person: Gloria S. Castro, Administrative Service Manager, BECQ Corrective Action: In accordance with the CNMI Property Management Policies and Procedures, P&S is required to conduct an annual inventory of property held by a designated official who has administrative control over the use of personal property within his area of jurisdiction. Further, P&S shall perform random audits of property held by each accountable person to validate the integrity of the property control process. BECQ has completed the preliminary In-House Physical Inventory Report and it was submitted to P&S on 05/12/15. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2014-052	93.575	Equipment and Real Property Management	\$ -	5 - Warranting No Further Action	4/4/2024	4/15/2024	Maribel Lose	CCDF	Name of Contact Person: Maribel Lose, CCDF Administrator and Vince Rabauliman, CCDF Administrative Manager Corrective Action: The CCDF Office will review its current policies and procedures on property management and will amend them to include random visual "spot checks" throughout the year for all properties and equipment purchased under the Program. It will conduct a review annually of the complete listing of all properties to ensure that the listing is updated. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
			\$ 1,395,577							\$ 335,057	\$ 1,060,520
FY2013											
2013-016	10.551	Reporting	\$ 18,524.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Walter Macaranas, NAP Administrator	NAP	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 18,524	\$ -
2013-017	10.551	Special Tests and Provisions	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024		NAP	Name of Contact Person: Elizabeth P. Olouachel, NAP Retail & Redemption Officer Corrective Action: NAP Retail & Redemption Unit completed FY 13 compliance visits on May 22, 2014. FY 2014 compliance visits were completed on December 5, 2014. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2013-018	10.551	Special Tests and Provisions	\$ 235,234.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Merced C. Muna, Supervisor, NAP Benefit Issuance & Claims Accountability (BICA) Unit	NAP	Actions and steps for claim notices to be sent out to NAP clients had been lessened and decreased to be able to meet the length of time for the notice to be mailed out. Benefit Issuance and Claim Accountability (BICA) Unit is currently operating with four (4) staffs. These staffs are more than enough to encounter the procedure of sending notices out on time to clients without any delays. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 235,234	\$ -
2013-024	15.875	Reporting	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. Proposed Completion Date: Ongoing.	\$ -	\$ -
2013-030	81.041	Allowable Costs/Cost Principles	\$ 58,450.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Vincent Attao, Program Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address issues in the conditions. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 58,450	\$ -



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2013-033	81.128	Allowable Costs/Cost Principles	\$ 93,904.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	<p>Name of Contact Person: Larrisa Larson, Secretary of Finance</p> <p>Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively</p> <p>ARRA Rates- Not provided</p> <p>CNMI is awaiting grantor determination letters on the resolution of associated questioned costs.</p> <p>Proposed Completion Date: Ongoing 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$ 93,904	\$ -
2013-034	81.128	Procurement and Suspension and Debarment	\$ 109,270.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	<p>Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply</p> <p>Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases.</p> <p>4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$ 109,270	\$ -
2013-041	15.875	Allowable Costs/Cost Principles	\$ -	3 - Awaiting Determination Letter		12/4/2023	Nerissa Benavente	CIP	<p>Name of Contact Person: Virginia Villagomez, Office of Management & Budget</p> <p>Corrective Action: A standard Personnel Activity Reporting (PAR) Guidance is being developed in collaboration with the Office of Grants Management to be used government-wide as a internal control on personnel compensation.</p> <p>Proposed Completion Date: USDOI 15.875: Ongoing. USDOE 93.778: Ongoing. USEPA 66.600: No further action required per US E.P.A determination letter. USDOE 81.041: No further action required per USDOE determination letter. USDOE 81.128: No further action required per USDOE determination letter.</p>	\$ -	\$ -
2013-042	10.557, 15.875, 66.600	Equipment and Real Property Management	\$ -	1 - Closed/Resolved		12/5/2023	Nerissa Benavente, Gloria Castro, WIC	CIP	<p>Corrective action has been taken.</p> <p>Corrective Action: US DOI 15.875: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A</p>	\$ -	\$ -



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2021**

2013-043	15.615	Procurement and Suspension and Debarment	\$ 236,402.00	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 236,402
2013-043	15.875	Procurement and Suspension and Debarment	\$ 197,190.00	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 197,190
2013-043	93.217	Procurement and Suspension and Debarment	\$ 28,344.00	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 28,344
2013-043	93.243	Procurement and Suspension and Debarment	\$ 30,219.00	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 30,219
2013-043	93.889	Procurement and Suspension and Debarment	\$ 10,077.00	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 10,077



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2013-043	97.073	Procurement and Suspension and Debarment	\$ 17,947.00	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 17,947
			\$ 1,035,561							\$ 515,382	\$ 520,179
FY2012											
2012-23	10.557	Eligibility	\$ -	1 - Closed/Resolved		12/5/2023	Imelda Barcinas	WIC	Name of Contact Person: Ruth Sablan, WIC Clinic Manager Corrective Action: Since this finding we have implemented our new MIS system HANDS (Health and Nutrition Delivery System), October 1, 2015. Part of the implementation process included training on doing Certification and Eligibility in this new system. All Clinic staff were trained, attached is our training log. The certifier and income verifier now document this by having the participant/Authorized Representative sign the signature type "Rights and Obligations" on the signature pad in HANDS. We have updated Chapter 2 Certification since approval due to a better understanding of HANDS since its implementation. We will be turning in the draft for approval shortly. We will also have a series of refresher trainings on Certification and Eligibility (in our policies and procedures and HANDS) during our monthly afternoon Clinic Professional Development or Scoops Sessions this fiscal year, starting on March 20, 2015. Proposed Completion Date: Ongoing.	\$ -	\$ -
2012-24	10.557	Procurement and Suspension and Debarment	\$ 15,742.00	1 - Closed/Resolved	12/11/2019	1/24/2024	Imelda Barcinas	WIC	Determination Letter dated December 11, 2019	\$ 15,742.00	\$ -
2012-33	20.205	Procurement and Suspension and Debarment	\$ 106,050.00	1 - Closed/Resolved		12/4/2023		DPW	Based on USDOT determination letter dated September 9, 2013, the USDOT required that DPW issue amendments/change orders to all active projects to add provision regarding federal access to records. DPW has initiated no cost change orders of active projects to include Article 7 in the contract agreement for all open contracts. Therefore, finding was not repeated in FY 2013. Resolution of question cost is ongoing and grantor determination will be provided to the auditor.	\$ 106,050.00	\$ -
2012-36	84.394/84.397	Period of Availability of Federal Funds	\$ 1,344,754.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Jacqueline Che, Federal Awards Director	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The process has been streamlined and training has occurred for all new and existing personnel. Significant steps have been taken to reduce the turnaround time from receipt of request for payment, drawdown and resulting payment of vendor(s). DOF will ensure that all obligations for the grant period are liquidated within the ninety day period after the fiscal year ends. Policies and procedures are being developed to address obligation and liquidation within the grant period. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 1,344,754	\$ -
2012-37	84.394/84.397	Reporting	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Jacqueline Che, Federal Awards Director	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -



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2012-38	84.394/84.397	Subrecipient Monitoring	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Daril Hermogenes	OGM	Name of Contact Person: Virginia Villagomez, CIP Administrator & James R Stump, CIP Contracting Officer Corrective Action: We agree with this finding and the Office of Capital Improvement will comply with the recommendations made by the auditor. To comply with the subrecipient monitoring requirements, the Office of Capital Improvement has developed draft subrecipient monitoring procedures including a checklist and an agreement to be implemented for all program pass-through grants that are affected by this requirement. The subrecipient agreement was sent to NMC, CPA, CUC, CHCC through the Office of the Governor. The Office of the Capital Improvement will conduct monitoring pursuant to the established policies and procedures upon receipt of the signed agreement. Proposed Completion Date: Immediately See corrective action plan to Finding No. 2013-025. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2012-44	15.875	Equipment and Real Property Management	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.	\$ -	\$ -
2012-44	20.205	Equipment and Real Property Management	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Corrective Action: US DOI 20.205: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed. Proposed Completion Dates: Ongoing.	\$ -	\$ -
2012-44	10.551	Equipment and Real Property Management	\$ -	0 - Warranting No Further Action	4/4/24	4/15/24		NAP	CNMI NAP currently have a full-time employee who foresee the Physical Inventory of all Equipment, which includes Federal and Local requirements of the physical inventory equipment from serial or federal award identification number, source of the property, who holds the title, percentage of federal participation in the cost of the property and use and condition of the property. Furthermore, a FY2016 NAP Inventory Listing was reconciled against Procurement and Supply Inventory Listing. NAP has made a requirement and recommended by the Auditor to do inventory on all equipment twice a year to ensure that properties are accounted for and in compliance with state laws and procedures. Proposed Completion Dates: USDA 10.551: Ongoing Corrective Action Taken: Completed 04/11/18 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2012-44	10.557	Equipment and Real Property Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Walter Macaranas, NAP Administrator	NAP	Corrective Action: USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply. T Proposed Completion Dates: USDA 10.557: N/A 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-45	15.605	Allowable Costs/Cost Principles	\$ 21,873.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 21,873
2012-45	15.611	Allowable Costs/Cost Principles	\$ 13,674.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 13,674
2012-45	17.235	Allowable Costs/Cost Principles	\$ 10,970.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 10,970



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-45	17.258	Allowable Costs/Cost Principles	\$ 42,805.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 42,805
2012-45	17.259	Allowable Costs/Cost Principles	\$ 17,057.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 17,057
2012-45	17.260	Allowable Costs/Cost Principles	\$ 10,626.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 10,626



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-45	66.600	Allowable Costs/Cost Principles	\$ 136,784.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 136,784
2012-45	93.217	Allowable Costs/Cost Principles	\$ 14,635.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 14,635
2012-45	93.243	Allowable Costs/Cost Principles	\$ 33,964.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 33,964



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-45	93.283	Allowable Costs/Cost Principles	\$ 21,206.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 21,206
2012-45	93.507	Allowable Costs/Cost Principles	\$ 11,280.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 11,280
2012-45	93.575	Allowable Costs/Cost Principles	\$ 66,163.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 66,163



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-45	93.889	Allowable Costs/Cost Principles	\$ 31,648.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 31,648
2012-45	93.940	Allowable Costs/Cost Principles	\$ 15,526.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 15,526
2012-45	93.959	Allowable Costs/Cost Principles	\$ 10,775.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 10,775



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-45	97.073	Allowable Costs/Cost Principles	\$ 120,437.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 120,437
2012-45	97.074	Allowable Costs/Cost Principles	\$ 36,994.00	9 - Ongoing			Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The CNMI Department of Finance has taken steps to ensure the indirect cost proposals and agreements are submitted and filed on a timely basis. The CNMI negotiates two rates; for programs with utilities direct charged and for programs with utilities charged in the indirect rate. The respective approved rates are as follows: FY13- 2.86% and 15.26% respectively FY14- 2.86% and 15.26% respectively FY15 proposed rates- 4.61% and 13.47% respectively For FY16 the proposed rates are 5.90% and 10.65% respectively ARRA Rates- Not provided CNMI is awaiting grantor determination letters on the resolution of associated questioned costs. Proposed Completion Date: Ongoing	\$ -	\$ 36,994
2012-47	93.912	Allowable Costs/Cost Principles	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Vincent Camacho, Program Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: Policies and procedures will be developed to ensure that disbursements are supported with proper and relevant documentation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2012-48	97.074	Procurement and Suspension and Debarment	\$ 289,143.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 289,143	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS FISCAL YEAR: September 30, 2021

2012-48	97.044	Procurement and Suspension and Debarment	\$ 328,524.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 328,524	\$ -
2012-48	93.912	Procurement and Suspension and Debarment	\$ 32,259.00	5 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 32,259	\$ -
2012-48	81.128	Procurement and Suspension and Debarment	\$ 764,024.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 764,024	\$ -
2012-48	20.600	Procurement and Suspension and Debarment	\$ 25,921.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 25,921	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2012-48	15.875	Procurement and Suspension and Debarment	\$ 285,788.00	9 - Ongoing			Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 285,788	
			\$ 3,808,622								\$ 2,906,417	\$ 902,205

FY2011											
2011-23	10.551	Allowable Costs/Cost Principles	\$ 20,894.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	Name of Contact Persons: Larrisa Larson, Secretary of Finance and Bernadita Palacios, Director of Finance & Accounting Corrective Action: DOF will comply with all grant or contract terms and conditions. Management will review all submissions closely and ensure compliance. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 20,894	\$ -
2011-24	10.551	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The Department of Finance's general policy on Federal grant payments is to drawdown funds on a reimbursement basis or as close to the actual disbursement as possible. DOF has established specific procedures for processing all invoices/transactions of the Central Government. When invoices are submitted to the Division of Finance and Accounting, all invoices are entered into the system by staff of the Accounts Payable Section. Every two weeks, staff of the Federal Section prepare a fund status report and all invoices that have been vouchered for payment will appear on that report. Upon completion of that report, the report is provided to the Supervisor of that section and she reviews the report for accuracy and compliance with federal grants. The Federal Grants Supervisor, the Treasurer and the Secretary of Finance share the responsibility of doing drawdowns. Each of these individuals holds a supervisory/managerial position and the supervisory review and approval are performed by these individuals. Additionally, DOF is developing a Cash Management Plan to document these procedures and to ensure that internal controls are strengthened and policies and procedures are adhered to. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2011-25	10.551	Period of Availability of Federal Funds	\$ 12,621.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The process has been streamlined and training has occurred for all new and existing personnel. Significant steps have been taken to reduce the turnaround time from receipt of request for payment, drawdown and resulting payment of vendor(s). DOF will ensure that all obligations for the grant period are liquidated within the ninety day period after the fiscal year ends. Policies and procedures are being developed to address obligation and liquidation within the grant period. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 12,621	\$ -
2011-26	10.551	Procurement and Suspension and Debarment	\$ 2,405.00	0 - Warranting No Further Action	4/4/2024	4/15/2024		NAP	An unintended delay in the announcement of Invitation to Bid (ITB) caused the delay in obtaining a successor for NAP's fiscal year 2012 printing agent. During such process, the fiscal year 2011, contractor services' contract expired on 09/30/11. Extending the fiscal year 2011 printing agent's contract for an additional two months was in the best interest of NAP. The printing of NAP coupons could not be disrupted or no benefits could be issued to eligible households. A change order was requested and approved. No bidding was required during the change order process: therefore, the condition of a fiscal year 2012 printing agent was executed in December 2012. With the unintended delay in the announcement of the ITB, NAP declares to adequately plan and implement future ITB's so that incidents in extending contracts due to NAP delays are not repeated. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 2,405	\$ -



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2021**

2011-27	10.551	Special Tests and Provisions	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024		NAP	Name of Contact Person: Elizabeth P. Oluochel, NAP Retail & Redemption Officer Corrective Action: NAP Retail & Redemption Unit completed FY 13 compliance visits on May 22, 2014. FY 2014 compliance visits were completed on December 5, 2014. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2011-28	10.557	Eligibility	\$ 687.00	1 - Closed/Resolved		12/5/2023	Imelda Barcinas	WIC	Name of Contact Person: Ruth Sablan, WIC Clinic Manager Corrective Action: Since this finding we have implemented our new MIS system HANDS (Health and Nutrition Delivery System), October 1, 2015. Part of the implementation process included training on doing Certification and Eligibility in this new system. All Clinic staff were trained, attached is our training log. The certifier and income verifier now document this by having the participant/Authorized Representative sign the signature type "Rights and Obligations" on the signature pad in HANDS. We have updated Chapter 2 Certification since approval due to a better understanding of HANDS since its implementation. We will be turning in the draft for approval shortly. We will also have a series of refresher trainings on Certification and Eligibility (in our policies and procedures and HANDS) during our monthly afternoon Clinic Professional Development or Scoops Sessions this fiscal year, starting on March 20, 2015. Proposed Completion Date: Ongoing.	\$ 687	\$ -
2011-29	15.875	Allowable Costs/Cost Principles	\$ -	9 - Ongoing		12/4/2023	Nerissa Benavente	CIP	Name of Contact Person: Virginia Villagomez, Office of Management & Budget Corrective Action: A standard Personnel Activity Reporting (PAR) Guidance is being developed in collaboration with the Office of Grants Management to be used government-wide as a internal control on personnel compensation. Proposed Completion Date: USDOI 15.875: Ongoing. USDOE 93.778: Ongoing. USEPA 66.600: No further action required per US E.P.A determination letter. USDOE 81.041: No further action required per USDOE determination letter. USDOE 81.128: No further action required per USDOE determination letter.	\$ -	\$ -
2011-31	15.875	Subrecipient Monitoring	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	1. A subrecipient agreement has been drafted for all component units receiving sub-awards. Upon execution of the agreement, monitoring requirements will be implemented. 2. In collaboration with Graduate School USA, our office has developed standard tools to be used for monitoring activities.	\$ -	\$ -
2011-34	81.041	Activities Allowed or Unallowed	\$ 13,005.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	CNMI-DOF has updated policies and procedures to be in compliance with federal grants: When invoices are submitted to the Division of Finance and Accounting, all invoices are entered into the system by staff of the Accounts Payable Section. Every two weeks, staff of the Federal Section prepare a fund status report and all invoices that have been vouchered for payment will appear on that report. Upon completion of that report, the report is provided to the Supervisor of that section and she reviews the report for accuracy and compliance with federal grants. The Federal Grants Supervisor, the Treasurer and the Secretary of Finance share the responsibility of doing drawdowns. Each of these individuals holds a supervisory/managerial position and the supervisory review and approval are performed by these individuals. Additionally, DOF has provided grants management courses to refresh program managers on the duties and responsibilities related to cost principles and other Uniform Guidance policies. Corrective Action Taken:	\$ 13,005	\$ -
2011-35	84.394/84.397	Matching, Level of Effort, Earmarking	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Daril Hermogenes	OGM	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: Negotiations are ongoing to address the questions related to the required level of effort. A request for waiver has been submitted and the CNMI is awaiting results. We will continue to work with the grantor on this matter. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS FISCAL YEAR: September 30, 2021

2011-36	84.394/84.397	Reporting	\$	- 0 - Warranting No Further Action	4/4/2024	4/15/2024	Jacqueline Che, Federal Awards Director	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$	-	\$
2011-37	84.394/84.398	Subrecipient Monitoring	\$	- 0 - Warranting No Further Action	4/4/2024	4/15/2024	Jacqueline Che, Federal Awards Director	DOF	Name of Contact Persons: Larrisa Larson, Secretary of Finance and Bernadita Palacios, Director of Finance & Accounting Corrective Action: We agree with this finding and will develop policies and procedures to address the issue of noncompliance. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$	-	\$
2011-38	84.410	Subrecipient Monitoring	\$	- 0 - Warranting No Further Action	4/4/2024	4/15/2024	Jacqueline Che, Federal Awards Director	DOF	Name of Contact Persons: Larrisa Larson, Secretary of Finance and Bernadita Palacios, Director of Finance & Accounting Corrective Action: We agree with this finding and will develop policies and procedures to address the issue of noncompliance. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$	-	\$
2011-43	10.551	Equipment and Real Property Management	\$	- 0 - Warranting No Further Action	4/5/2024	4/15/2024	NAP Procurement	NAP	Corrective Action: US DOI 15.875: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed. USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination. USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply. Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$	-	\$
2011-43	10.557	Equipment and Real Property Management	\$	- 1 - Closed/Resolved		12/5/2023	Imelda Barcinas	WIC	Corrective Action: US DOI 15.875: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed. USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination. USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply. Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A	\$	-	\$
2011-43	15.875	Equipment and Real Property Management	\$	- 9 - Ongoing			Walter Macaranas, NAP Administrator	NAP	The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.	\$	-	\$



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS FISCAL YEAR: September 30, 2021

2011-43	20.205	Equipment and Real Property Management	\$ -	9 - Ongoing		12/4/2023	DPW Highway Procurement	DPW	<p>Corrective Action: US DOI 15.875: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A</p>	\$ -	\$ -
2011-43	81.041	Equipment and Real Property Management	\$ -	9 - Ongoing		12/4/2023	DPW Energy Procurement	DPW	<p>Corrective Action: US DOI 15.875: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A</p>	\$ -	\$ -
2011-44	All Major Prgrms	Procurement and Suspension and Debarment	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Francisco Aguon, Director, Procurement & Supply	DOF	<p>Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply</p> <p>Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases.</p> <p>4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$ -	\$ -
2011-47	97.074	Procurement and Suspension and Debarment	\$ 282,567.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	<p>Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply</p> <p>Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases.</p> <p>4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$ 282,567	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS FISCAL YEAR: September 30, 2021

2011-47		Procurement and Suspension and Debarment	\$ 78,418.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 78,418	\$ -
2011-47	45.310	Procurement and Suspension and Debarment	\$ 8,327.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 8,327	\$ -
2011-47	97.073	Procurement and Suspension and Debarment	\$ 500,065.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 500,065	\$ -
2011-47		Procurement and Suspension and Debarment	\$ 254,459.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 254,459	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2011-47	15.875	Procurement and Suspension and Debarment	\$ 796,865.00	9 - Ongoing			Naomi Ada, Grant Manager	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ 796,865	
			\$ 1,970,313								\$ 1,173,448	\$ 796,865
FY2010												
2010-21	11.YA132309CN 0062	Allowable Costs/Cost Principles	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Secretary Frank Cabrera	Commerce	4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -	
2010-22	11.YA132309CN 0062	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Secretary Frank Cabrera	Commerce	4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -	
2010-23	11.YA132309CN 0062	Procurement and Suspension and Debarment	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	0	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ -	
2010-24	11.YA132309CN 0062	Reporting	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	0	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -	
2010-26	15.875	Equipment and Real Property Management	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.	\$ -	\$ -	
2010-32	15.875	Subrecipient Monitoring	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	1. A subrecipient agreement has been drafted for all component units receiving sub-awards. Upon execution of the agreement, monitoring requirements will be implemented. 2. In collaboration with Graduate School USA, our office has developed standard tools to be used for monitoring activities.	\$ -	\$ -	
2010-34	20.205	Equipment and Real Property Management	\$ -	9 - Ongoing		12/5/2023	DPW Highway	DPW	Corrective Action: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed. Proposed Completion Dates: Ongoing.	\$ -	\$ -	



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2010-35	20.205	Procurement and Suspension and Debarment	\$ -	9 - Ongoing			DPW Highway	DPW	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ -
2010-38	81.041	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	DOF Thelma Inos -Director of Energy Division	DOF	CNMI-DOF has hired staff to ensure timely filings of Treasury-State Agreements (TSA). Additionally, CNMI-DOF has developed and implemented a cash management handbook to effectuate policies and procedures that are in compliance with TSA. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2010-39	81.041	Equipment and Real Property Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	DOF Thelma Inos -Director of Energy Division	DOF	Corrective Action: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2010-40	81.041	Procurement and Suspension and Debarment	\$ 712,076.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 712,076	\$ -
2010-41	81.041	Reporting	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2010-42	84.394/84.397	Activities Allowed or Unallowed	\$ 655,988.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	CNMI-DOF has updated policies and procedures to be in compliance with federal grants: When invoices are submitted to the Division of Finance and Accounting, all invoices are entered into the system by staff of the Accounts Payable Section. Every two weeks, staff of the Federal Section prepare a fund status report and all invoices that have been vouchered for payment will appear on that report. Upon completion of that report, the report is provided to the Supervisor of that section and she reviews the report for accuracy and compliance with federal grants. The Federal Grants Supervisor, the Treasurer and the Secretary of Finance share the responsibility of doing drawdowns. Each of these individuals holds a supervisory/managerial position and the supervisory review and approval are performed by these individuals. Additionally, DOF has provided grants management courses to refresh program managers on the duties and responsibilities related to cost principles and other Uniform Guidance policies. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 655,988	\$ -



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2010-43	84.394/84.397	Eligibility	\$ 564,558.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Medical Referral Services	Medical Referral Services	Name of Contact Person: Ronald Sablan, Medical Referral Services Manager Corrective Action: We disagree with the auditor's findings. Our office was not aware of the requested eligibility folders at the time of the FY 2010 Single Audit. Since the inception of our program, the CNMI Medical Algorithm was established to enable employees to comply with the Medical Referral Services Rules and Regulations. The Algorithm details specific procedures that must be taken in order for a patient to receive program benefits. Procedures include the receipt of a referral package and letter from the Referring Physician, information processing, Medical Referral Committee (MRC) review and approval, Medical Treatment Authorization requirement, and monitoring of patient care and treatment. A copy of the Algorithm is provided to the auditor. Furthermore, a patient's referral package and all related medical documents 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 564,558	\$ -
2010-44	84.394/84.398	Subrecipient Monitoring	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Jacqueline Che, Federal Awards Director	DOF	Name of Contact Persons: Larrisa Larson, Secretary of Finance and Bernadita Palacios, Director of Finance & Accounting Corrective Action: We agree with this finding and will develop policies and procedures to address the issue of noncompliance. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2010-50	All Major Programs	Procurement and Suspension and Debarment	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Francisco Aguon, Director, Procurement & Supply	DOF	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
			\$ 1,932,622							\$ 1,932,622	\$ -
FY2009											
2009-20	10.551	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	DOF NAP	DOF	CNMI-DOF has hired staff to ensure timely filings of Treasury-State Agreements (TSA). Additionally, CNMI-DOF has developed and implemented a cash management handbook to effectuate policies and procedures that are in compliance with TSA. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -



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2009-21	10.551	Equipment and Real Property Management	\$	0 - Warranting No Further Action	4/4/24	4/15/24		NAP	<p>CNMI NAP currently have a full-time employee who foresee the Physical Inventory of all Equipment. Attached Exhibit B indicated all Federal and Local requirements of the physical inventory equipment from serial or federal award identification number, source of the property, who holds the title, percentage of federal participation in the cost of the property and use and condition of the property. Furthermore, a FY2016 NAP Inventory Listing was reconciled against Procurement and Supply Inventory Listing. NAP has made a requirement and recommended by the Auditor to do Inventory on all equipment twice a year to ensure that properties are accounted for and in compliance with state laws and procedures.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A Corrective Action Taken: Completed 04/11/18 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$	-	\$
2009-22	10.551	Procurement and Suspension and Debarment	\$	0 - Warranting No Further Action	4/4/24	4/15/24		NAP	<p>CNMI NAP currently have a full-time employee who foresee the Physical Inventory of all Equipment. Attached Exhibit B indicated all Federal and Local requirements of the physical inventory equipment from serial or federal award identification number, source of the property, who holds the title, percentage of federal participation in the cost of the property and use and condition of the property. Furthermore, a FY2016 NAP Inventory Listing was reconciled against Procurement and Supply Inventory Listing. NAP has made a requirement and recommended by the Auditor to do Inventory on all equipment twice a year to ensure that properties are accounted for and in compliance with state laws and procedures.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A Corrective Action Taken: Completed 04/11/18 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$	-	\$
2009-23	10.551	Special Tests and Provisions	\$	0 - Warranting No Further Action	4/4/2024	4/15/2024	NAP	NAP	<p>Name of Contact Person: Elizabeth P. Oluochel, NAP Retail & Redemption Officer</p> <p>Corrective Action: NAP Retail & Redemption Unit completed FY 13 compliance visits on May 22, 2014. FY 2014 compliance visits were completed on December 5, 2014.</p> <p>4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$	-	\$
2009-32	15.875	Equipment and Real Property Management	\$	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	<p>The agencies cited in this finding will coordinate with P&S to conduct a physical inventory and reconcile property records.</p>	\$	-	\$



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2009-40	15.875	Procurement and Suspension and Debarment	\$	-	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$	-	\$
2009-42	15.875	Subrecipient Monitoring	\$	-	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	1. A subrecipient agreement has been drafted for all component units receiving sub-awards. Upon execution of the agreement, monitoring requirements will be implemented. 2. In collaboration with Graduate School USA, our office has developed standard tools to be used for monitoring activities.	\$	-	\$
2009-44	66.600	Equipment and Real Property Management	\$	-	1 - Closed/Resolved	3/21/2011	11/28/2023	Richard Salas, Director, Coastal Resource Mgt	DCRM	Corrective action has been taken. Name of Contact Person: Gloria S. Castro, Bureau of Environmental and Coastal Quality (BECQ) Administrative Service Manager Corrective Action: Of the four items that could not be located by the auditor, BECQ found two of the items: a swivel chair (MP 18036 CM) and an LCD monitor (ITEM 46607). In accordance with applicable equipment and real property management requirements, BECQ has developed a control system to adequately safeguard property to prevent loss, damage or theft through the implementation of the inventory bar coding database system. This system allows for tracking of inventory by its location, serial number or bar code number. Only two items were not located by the auditor: a two and a half year old hand-held radio (MP24152CM) with an original value of \$124 and a nine-year old battery backup (ITEM-33492). As we have stated in the past, USEPA has indicated that 40 CFR § 31.32(d) is inapplicable to BECQ, which is considered to be "the State", as defined in 40 CFR § 31.3. Pursuant to 40 CFR § 31.32(b), 40 CFR § 31.32(d) clearly applies only to non-State grantees. EPA guidelines for procurement developed for the CNMI confirm that "when procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds". The applicable CNMI standards are found in the Property Management Policies and Procedures Manual dated January 8, 2003 and distributed by the CNMI Department of Finance. In accordance with the manual, P&S does not control items with a value of less than \$1,000, except for specially designated items like firearms, digital cameras, handheld radios and cell phones. Moreover, P&S does not have room to store worthless government property such as nine-year old backup batteries. Accordingly, BECQ has, with the exception of MP-24152CM, adhered to established policies and procedures regarding physical inventory counts of property.	\$	-	\$
2009-46	66.600	Reporting	\$	-	1 - Closed/Resolved	3/21/2011	11/28/2023	Richard Salas, Director, Coastal Resource Mgt	DCRM	Corrective action plan has been taken. Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. Proposed Completion Date: Ongoing.	\$	-	\$



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2009-52	All Major Programs	Allowable Costs/Cost Principles	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	All Major Programs	DOF	Name of Contact Person: Virginia Villagomez, Office of Management & Budget Corrective Action: A standard Personnel Activity Reporting (PAR) Guidance is being developed in collaboration with the Office of Grants Management to be used government-wide as a internal control on personnel compensation. Proposed Completion Date: USDOI 15.875: Ongoing. USDOE 93.778: Ongoing. USEPA 66.600: No further action required per US E.P.A determination letter. USDOE 81.041: No further action required per USDOE determination letter. USDOE 81.128: No further action required per USDOE determination letter. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
			\$ -							\$ -	\$ -
FY2008											
2008-18	10.557	Allowable Costs/Cost Principles	\$ 49,997	5 - Warranting No Further Action	6/20/2010	12/6/2023		WIC	Corrective Action: In a letter from USDA-FNS dated May 21, 2010, FNS had made a determination on this audit finding and had required CNMI WIC to provide FNS written procedures and actions that CNMI has taken in order to be in compliance with the notification requirement. In response, a copy of the CNMI WIC Program State Plan Policy & Procedure for notification requirement was submitted to FNS on 06/21/2010. The CNMI WIC office is awaiting final determination from the grantor to resolve of this audit finding and questioned cost. Proposed Completion Date: FY 2015	\$ 49,997	\$ -
2008-22	66.600	Allowable Costs/Cost Principles	\$ 19,501.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Richard Salas, Director, Coastal Resource Mgt	DCRM	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: The Department of Finance's general policy on Federal grant payments is to drawdown funds on a reimbursement basis or as close to the actual disbursement as possible. DOF has established specific procedures for processing all invoices/transactions of the Central Government. When invoices are submitted to the Division of Finance and Accounting, all Invoices are entered into the system by staff of the Accounts Payable Section. Every two weeks, staff of the Federal Section prepare a fund status report and all invoices that have been vouchered for payment will appear on that report. Upon completion of that report, the report is provided to the Supervisor of that section and she reviews the report for accuracy and compliance with federal grants. The Federal Grants Supervisor, the Treasurer and the Secretary of Finance share the responsibility of doing drawdowns. Each of these individuals holds a supervisory/managerial position and the supervisory review and approval are performed by these individuals. Additionally, DOF is developing a Cash Management Plan to document these procedures and to ensure that internal controls are strengthened and policies and procedures are adhered to. Proposed Completion Date: FY 2015 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 19,501	\$ -
2008-27	10.557	Eligibility	\$ 3,667.00	0 - Warranting No Further Action	4/4/2024	4/15/2024	Walter Macaranas, NAP Administrator	NAP	Name of Contact Person: Ruth Sablan, WIC Clinic Manager Corrective Action: Since this finding we have implemented our new MIS system HANDS (Health and Nutrition Delivery System), October 1, 2015. Part of the implementation process included training on doing Certification and Eligibility in this new system. All Clinic staff were trained, attached is our training log. The certifier and income verifier now document this by having the participant/Authorized Representative sign the signature type "Rights and Obligations" on the signature pad in HANDS. We have updated Chapter 2 Certification since approval due to a better understanding of HANDS since its implementation. We will be turning in the draft for approval shortly. We will also have a series of refresher trainings on Certification and Eligibility (in our policies and procedures and HANDS) during our monthly afternoon Clinic Professional Development or Scoops Sessions this fiscal year, starting on March 20, 2015. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ 3,667	\$ -
2008-40	10.551	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	DOF NAP	DOF	CNMI-DOF has hired staff to ensure timely filings of Treasury-State Agreements (TSA). Additionally, CNMI-DOF has developed and implemented a cash management handbook to effectuate policies and procedures that are in compliance with TSA. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS FISCAL YEAR: September 30, 2021

2008-41	10.557	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024		WIC	CNMI-DOF has hired staff to ensure timely filings of Treasury-State Agreements (TSA). Additionally, CNMI-DOF has developed and implemented a cash management handbook to effectuate policies and procedures that are in compliance with TSA. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -	-
2008-42	66.600	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	DOF BECQ	DOF	CNMI-DOF has hired staff to ensure timely filings of Treasury-State Agreements (TSA). Additionally, CNMI-DOF has developed and implemented a cash management handbook to effectuate policies and procedures that are in compliance with TSA. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -	-
2008-43	93.778	Cash Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Larrisa Larson, Secretary of Finance	DOF	See email dated September 4, 2020 from Linda Gee (CMC/CMCS). 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -	-
2008-44	10.551	Equipment and Real Property Management	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Walter Macaranas, NAP Administrator	NAP	<p>Corrective Action:</p> <p>US DOI 15.875: The CNMI Office of Management & Budget (OMB) has required all government agencies to submit an updated inventory record by February 27, 2015, to be used in the reconciliation process with the Division of Procurement & Supply. A schedule for reconciling inventory records of all government agencies is currently being developed.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p>	\$ -	\$ -	-
2008-49	10.551	Procurement and Suspension and Debarment	\$ -	0 - Warranting No Further Action	4/4/24	4/15/24		NAP	<p>CNMI NAP currently have a full-time employee who foresee the Physical Inventory of all Equipment. Attached Exhibit B indicated all Federal and Local requirements of the physical inventory equipment from serial or federal award identification number, source of the property, who holds the title, percentage of federal participation in the cost of the property and use and condition of the property. Furthermore, a FY2016 NAP Inventory Listing was reconciled against Procurement and Supply Inventory Listing. NAP has made a requirement and recommended by the Auditor to do inventory on all equipment twice a year to ensure that properties are accounted for and in compliance with state laws and procedures.</p> <p>USEPA 66.600: No further action required per U.S. EPA determination letter and O.I.A. determination.</p> <p>USDA 10.557: The WIC office is in constant communication with its grantor agency regarding sufficiency of inventory records and is awaiting official grantor determination of FY 2012 and FY 2013 findings. WIC, as a division of the Commonwealth Healthcare Corporation (CHCC), is currently a component unit to the CNMI government and conducts its inventory through the CHCC MSO and no longer with the Division of Procurement & Supply. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.</p> <p>Proposed Completion Dates: USDOI 15.875: Ongoing. USEPA 66.600: No action required. USDA 10.557: N/A Corrective Action Taken: Completed 04/11/18</p>	\$ -	\$ -	-



Office of the Secretary Department of Finance

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINDINGS AND QUESTIONED COSTS

FISCAL YEAR: September 30, 2021

2008-50	15.875	Procurement and Suspension and Debarment	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance/ Herman Sablan, Director, Division of Procurement & Supply Corrective Action, Condition 1 & 2: The Department of Finance is collaborating with the Attorney General's Office to develop a standard contract template that will include required federal contract provisions and will implemented government-wide. A procurement manual is also being developed which will enable procurement employees to be in compliance with procurement regulations. Additionally, policies and procedures will be reviewed and followed to ensure that all relevant documents are submitted with requests and maintained in files to document the procurement of all government purchases. Proposed Completion Date: Ongoing	\$ -	\$ -
2008-51	10.557	Reporting	\$ -	0 - Warranting No Further Action	4/4/2024	4/15/2024	Walter Macaranas, NAP Administrator	NAP	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. 4/12/2024- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 4/4/2024 from CNMI OGM-SC.	\$ -	\$ -
2008-52	15.875	Reporting	\$ -	9 - Ongoing			Anthony Benavente, Secretary of DLNR	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. Proposed Completion Date: Ongoing.	\$ -	\$ -
2008-53	66.600	Reporting	\$ -	9 - Ongoing			Richard Salas, Director, Coastal Resource Mgt	DLNR	Name of Contact Person: Larrisa Larson, Secretary of Finance Corrective Action: We agree with this finding and will develop policies and procedures to address the lack of reconciliation. Proposed Completion Date: Ongoing.	\$ -	\$ -
			\$ 73,165							\$ 73,165	\$ -