

Reports on Compliance and Internal Control

Commonwealth of the Northern Mariana Islands

Year ended September 30, 2022



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Commonwealth of the Northern Mariana Islands

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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 David M. Apatang
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, 2022, and the related notes to the financial statements. We were also engaged to audit the accompanying financial statements of the governmental activities, the General Fund, Grants Assistance Governmental Fund and the ARPA Governmental Fund. These financial statements collectively comprise the CNMI's basic financial statements and have issued our report thereon dated October 15, 2025. 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 and the ARPA Governmental Fund, due to the inability to obtain sufficient appropriate audit evidence for the balances and financial activities of cash and cash equivalents, advances, receivables, net, due to/from component units and fiduciary funds, depreciable and nondepreciable capital assets, accounts payable, other liabilities and accruals, net position/fund balances, revenues and expenditures/expenses; due to the CNMI not recording changes on related net pension asset or liability, deferred inflows of resources and deferred outflows of resources as of and for the year ended September 30, 2022 as required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; and 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 Commonwealth Economic Development Authority, the Northern Marianas Housing Corporation and the Northern Mariana Islands Retirement Fund not being included in the financial statements, and includes explanatory paragraphs concerning the correction of errors and going concern.

Our report includes a reference to other auditors who audited the financial statements of the Department of Public Lands major fund, the Commonwealth Utilities Corporation, 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 Ports Authority, the Marianas Public Land Trust and 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 Utilities Corporation, 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 2022-001 through 2022-003, 2022-005 through 2022-008, 2022-028, 2022-029, 2022-031, 2022-038 and 2022-041 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 2022-004 and 2022-009 to be significant deficiencies.

Report on Compliance and Other Matters

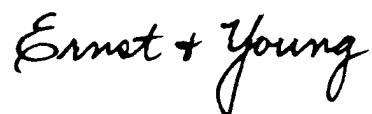
As part of obtaining reasonable assurance about whether CNMI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 2022-008, 2022-028, 2022-029, 2022-031, 2022-038 and 2022-041.

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 font.

October 15, 2025



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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 David M. Apatang
Governor
Commonwealth of the Northern Mariana Islands

Report of Independent Auditors on Compliance for Each Major Federal Program

Adverse, Qualified, Unmodified and Disclaimer of Opinions

We have audited the Commonwealth of the Northern Mariana Islands' (CNMI's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Assistance Listing Number (ALN) 10.539 CNMI Nutrition Assistance, ALN 10.542 Pandemic EBT Food Benefits (P-EBT), ALN 17.225 Unemployment Insurance (UI), ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds, ALN 93.489/93.575/93.596 Child Care and Development Fund (CCDF) Cluster, ALN 97.030 Community Disaster Loans, ALN 97.036 Presidentially Declared Disasters and ALN 97.039 Hazard Mitigation Grant Program (HMGP); and we were engaged to audit CNMI's compliance with the types of compliance requirements identified in the OMB *Compliance Supplement* that could have a direct and material effect on ALN 15.875 Economic, Social, and Political Development of the Territories, ALN 21.023 Emergency Rental Assistance Program, ALN 21.026 Homeowner Assistance Fund Program, ALN 93.767 Children's Health Insurance Program and ALN 93.778 Medical Assistance Program (Medicaid; Title XIX), for the year ended September 30, 2022. CNMI's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Summary of Opinions

ALN	Name of Federal Program or Cluster	Type of Opinion
10.539	CNMI Nutrition Assistance	Unmodified
10.542	Pandemic EBT Food Benefits (P-EBT)	Qualified
15.875	Economic, Social, and Political Development of the Territories	Disclaimer
17.225	Unemployment Insurance	Qualified
21.023	Emergency Rental Assistance Program	Disclaimer
21.026	Homeowner Assistance Fund Program	Disclaimer
21.027	Coronavirus State and Local Fiscal Recovery Funds	Adverse
93.489/93.575/ 93.596	Child Care and Development Fund (CCDF) Cluster:	Qualified
93.767	Children's Health Insurance Program	Disclaimer
93.778	Medical Assistance Program (Medicaid; Title XIX)	Disclaimer
97.030	Community Disaster Loans	Unmodified
97.036	Presidentially Declared Disasters	Qualified
97.039	Hazard Mitigation Grant Program (HMGP)	Qualified

Disclaimer of Opinion on Five Major Federal Programs

We do not express an opinion on CNMI’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the following major federal programs. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Five Major Federal Programs section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the following major federal programs.

ALN	<u>Name of Federal Program or Cluster</u>
15.875	Economic, Social, and Political Development of the Territories
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund Program
93.767	Children’s Health Insurance Program
93.778	Medical Assistance Program (Medicaid; Title XIX)

Adverse Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, CNMI did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds for the year ended September 30, 2022.

Qualified Opinion on Five Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, CNMI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the following major federal programs for the year ended September 30, 2022:

ALN	<u>Name of Federal Program or Cluster</u>
10.542	Pandemic EBT Food Benefits (P-EBT)
17.225	Unemployment Insurance
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund Program
93.489/93.575/ 93.596	Child Care and Development Fund (CCDF) Cluster:
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant Program (HMGP)

Unmodified Opinion on the Other Major Federal Programs

In our opinion, CNMI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the other major federal programs identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2022.

Basis for Disclaimer of Opinion on Five Major Programs

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain audit evidence supporting CNMI’s compliance with the applicable compliance requirements, as described in Findings 2022-013 through 2022-019, 2022-022, 2022-023, 2022-025 through 2022-027, 2022-034 and 2022-036 through 2022-041. As a result of these matters, we were unable to determine whether CNMI complied with the requirements applicable to the following major federal programs:

Finding #	ALN	Program or Cluster Name	Compliance Requirement
2022-013	15.875	Economic, Social, and Political Development of the Territories	Allowable Costs/Cost Principles
2022-014	15.875	Economic, Social, and Political Development of the Territories	Cash Management
2022-015	15.875	Economic, Social, and Political Development of the Territories	Equipment and Real Property Management
2022-016	15.875	Economic, Social, and Political Development of the Territories	Period of Performance
2022-017	15.875	Economic, Social, and Political Development of the Territories	Procurement and Suspension and Debarment
2022-018	15.875	Economic, Social, and Political Development of the Territories	Reporting
2022-019	15.875	Economic, Social, and Political Development of the Territories	Subrecipient Monitoring
2022-022	21.023	Emergency Rental Assistance Program	Allowable Costs/Cost Principles
2022-023	21.023	Emergency Rental Assistance Program	Eligibility
2022-025	21.023	Emergency Rental Assistance Program	Reporting
2022-026	21.026	Homeowner Assistance Fund Program	Reporting
2022-027	21.026	Homeowner Assistance Fund Program	Subrecipient Monitoring
2022-034	93.767	Children’s Health Insurance Program	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2022-036	93.767	Children’s Health Insurance Program	Reporting
2022-037	93.767	Children’s Health Insurance Program	Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
2022-038	93.778	Medical Assistance Program	Allowable Costs/ Cost Principles
2022-039	93.778	Medical Assistance Program	Reporting
2022-040	93.778	Medical Assistance Program	Special Tests and Provisions - ADP Risk Analysis and System Security Review
2022-041	93.778	Medical Assistance Program	Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)

Basis for Adverse, Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CNMI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of CNMI’s compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying Schedule of Findings and Questioned Costs, CNMI did not comply with requirements regarding ALN 21.027 *Coronavirus State and Local Fiscal Recovery Funds* as described in finding numbers 2022-028 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles, 2022-029 for Procurement and Suspension and Debarment , 2022-030 for Reporting and 2022-031 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for CNMI to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on Five Major Federal Programs

As described in Findings 2022-012, 2022-020, 2022-033, 2022-043, 2022-044, 2022-046 and 2022-047 in the accompanying Schedule of Findings and Questioned Costs, CNMI did not comply with the requirements regarding the following:

Finding #	ALN	Program or Cluster Name	Compliance Requirement
2022-012	10.542	Pandemic EBT Food Benefits (P-EBT)	Eligibility
2022-020	17.225	Unemployment Insurance	Eligibility
2022-033	93.489/575/596	CCDF Cluster	Special Tests and Provisions - Health and Safety Requirements
2022-043	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2022-044	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Subrecipient Monitoring
2022-046	97.039	Hazard Mitigation Grant Program	Cash Management
2022-047	97.039	Hazard Mitigation Grant Program	Reporting

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CNMI's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CNMI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CNMI's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CNMI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CNMI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 CNMI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-010, 2022-011, 2022-021, 2022-024, 2022-032, 2022-035, 2022-042 and 2022-045. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on CNMI's response to the noncompliance findings identified in our audit 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 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. 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not 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 2022-012 through 2022-020, 2022-022, 2022-023, 2022-025 through 2022-031, 2022-033, 2022-034, 2022-036 through 2022-041, 2022-043, 2022-044, 2022-046 and 2022-047 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 2022-010, 2022-011, 2022-021, 2022-024, 2022-032, 2022-035, 2022-042 and 2022-045 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

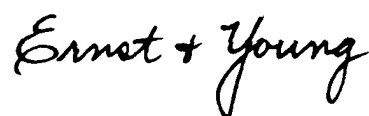
Government Auditing Standards requires the auditor to perform limited procedures on CNMI's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. CNMI's response was not subjected to the other auditing procedures applied in the audit of 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. 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, 2022, and the related notes to the financial statements. We were also engaged to audit the financial statements of the governmental activities, the General Fund, Grants Assistance Governmental Fund and the ARPA Governmental Fund. These financial statements collectively comprise the CNMI's basic financial statements. We issued our report thereon dated October 15, 2025, which contained explanatory paragraphs concerning the correction of errors and going concern, and 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 and the ARPA Governmental Fund, due to the inability to obtain sufficient appropriate audit evidence for the balances and financial activities of cash and cash equivalents, advances, receivables, net, due to/from component units and fiduciary funds, depreciable and nondepreciable capital assets, accounts payable, other liabilities and accruals, net position/fund balances, revenues and expenditures/expenses; due to the CNMI not recording changes on related net pension asset or liability, deferred inflows of resources and deferred outflows of resources as of and for the year ended September 30, 2022 as required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; and 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 Commonwealth Economic Development Authority, 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.

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October 15, 2025

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards by Grantor

Year ended September 30, 2022

Federal Grantor	Passed Through to Subrecipient	Federal Expenditures
U.S. Department of Agriculture	\$ ---	\$ 52,073,206
U.S. Department of Commerce	---	3,034,457
U.S. Department of Defense	---	2,286,147
U.S. Department of Interior	2,022,623	12,936,093
U.S. Department of Justice	1,358,523	1,890,600
U.S. Department of Labor	---	51,392,867
U.S. Department of State	---	6,973
U.S. Department of Transportation	---	3,882,811
U.S. Department of Treasury	68,375,890	258,629,277
U.S. National Endowment for the Arts	---	79,513
U.S. Institute of Museum and Library Services	---	250,737
U.S. National Endowment for the Humanities (NEH)	---	19,840
U.S. Small Business Administration (SBA)	---	99,650
U.S. Department of Veterans Affairs	---	175,658
U.S. Environmental Protection Agency	137,092	4,870,329
U.S. Department of Energy	---	560,146
U.S. Department of Education	---	643,821
U.S. Election Assistance Commission	---	30,376
U.S. Department of Health and Human Services	---	110,012,166
U.S. Department of Homeland Security	<u>13,277,408</u>	<u>24,783,400</u>
TOTAL Expenditures of Federal Awards	<u>\$ 85,171,536</u>	<u>\$ 527,658,067</u>

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipient	Federal Expenditures
U.S. Department of Agriculture			
10.539	CNMI Nutrition Assistance	\$ ---	\$ 33,239,358
10.539	COVID-19 CNMI Nutrition Assistance	---	7,491,262
	Total CNMI Nutrition Assistance	---	40,730,620
10.649	COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	---	258,116
10.664	Cooperative Forestry Assistance	---	78,427
10.025	Plant and Animal Disease, Pest Control, and Animal Care	---	409,547
10.170	Specialty Crop Block Grant Program - Farm Bill	---	98,021
10.179	Micro-Grants for Food Security Program	---	39,793
10.680	Forest Health Protection	---	56,252
10.542	COVID-19 - Pandemic EBT Food Benefits (P-EBT)	---	10,367,320
10.U01	DLNR CNMI Fisheries Training	---	8,033
Community Facilities Loans and Grants Cluster:			
10.766	Community Facilities Loans and Grants	---	27,077
	Total Community Facilities Loans and Grants Cluster	---	27,077
	TOTAL U.S. Department of Agriculture	---	52,073,206
U.S. Department of Commerce			
11.016	Statistical, Research, and Methodology Assistance	---	3,469
11.454	Unallied Management Projects	---	4,630
11.472	Unallied Science Program	---	112,262
11.407	Interjurisdictional Fisheries Act of 1986	---	4,260
11.437	Pacific Fisheries Data Program	---	93,960
11.467	Meteorologic and Hydrologic Modernization Development	---	64,229
11.419	Coastal Zone Management Administration Awards	---	954,712
11.482	Coral Reef Conservation Program	---	404,632
Economic Development Cluster:			
11.307	Economic Adjustment Assistance	---	1,392,303
	Total Economic Development Cluster	---	1,392,303
	TOTAL U.S. Department of Commerce	---	3,034,457
U.S. Department of Defense			
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	---	16,417
12.617	Economic Adjustment Assistance for State Governments	---	1,845,806
12.022	DoD Mentor-Protege Program	---	160,121
12.300	Basic and Applied Scientific Research	---	21,582
12.600	Community Investment	---	242,221
	TOTAL U.S. Department of Defense	---	2,286,147
U.S. Department of Interior			
15.904	Historic Preservation Fund Grants-In-Aid	---	185,830
Economic, Social, and Political Development of the Territories:			
15.875	Development of the Territories	---	4,765,346
15.875	COVID-19 Development of the Territories	---	1,550
15.875	Capital Improvement Projects	1,440,394	3,835,263
15.875	Compact Impact	582,229	582,229
	Total Economic, Social, and Political Development of the Territories	2,022,623	9,184,388
15.615	Cooperative Endangered Species Conservation Fund	---	474,763
15.631	Partners for Fish and Wildlife	---	2,755
15.657	Endangered Species Recovery Implementation	---	2,790
15.634	State Wildlife Grants	---	333,981
15.663	NFWF-USFWS Conservation Partnership	---	160,217
Fish and Wildlife Cluster:			
15.605	Sport Fish Restoration Program	---	1,316,271
15.611	Wildlife Restoration and Basic Hunter Education	---	1,275,098
	Total Fish and Wildlife Cluster	---	2,591,369
	TOTAL U.S. Department of Interior	2,022,623	12,936,093

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Federal Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipient	Federal Expenditures
U.S. Department of Justice			
16.710	Public Safety Partnership and Community Policing Grants	---	282,833
16.750	Support for Adam Walsh Act Implementation Grant Program	---	135,657
16.738	Edward Byrne Memorial Justice Assistance Grant Program	119,754	148,552
16.575	Crime Victim Assistance	413,107	417,507
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding	433,062	442,103
16.588	Violence Against Women Formula Grants	334,220	368,487
16.017	Sexual Assault Services Formula Program	58,380	59,393
16.585	Drug Court Discretionary Grant Program	---	36,068
TOTAL U.S. Department of Justice		1,358,523	1,890,600
U.S. Department of Labor			
17.273	Temporary Labor Certification for Foreign Workers	---	29,237
17.600	Mine Health and Safety Grants	---	2,465
17.225	COVID-19 - Unemployment Insurance (UI)	---	49,294,490
17.235	Senior Community Service Employment Program	---	207,151
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	---	444,555
17.504	Consultation Agreements	---	234,374
17.285	Apprenticeship USA Grants	---	104,348
WIOA Cluster:			
17.258	WIOA Adult Program	---	382,903
17.278	WIOA Dislocated Worker Formula Grants	---	360,286
17.259	WIOA Youth Activities	---	333,058
Total WIOA Cluster		---	1,076,247
TOTAL U.S. Department of Labor		---	51,392,867
U.S. Department of State			
19.976	International Narcotics Control and Law Enforcement	---	6,973
TOTAL U.S. Department of State		---	6,973
U.S. Department of Transportation			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	---	31,544
20.509	Formula Grants for Rural Areas and Tribal Transit Program	---	1,187,031
20.100	Highway Safety Grant Program	---	14,689
20.514	Public Transportation Research, Technical Assistance, and Training	---	794
FMCSA Cluster:			
20.218	Motor Carrier Safety Assistance Program	---	246,279
Total FMCSA Cluster		---	246,279
Federal Transit Cluster:			
20.526	Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	---	1,744,755
Total Federal Transit Cluster		---	1,744,755
Highway Safety Cluster:			
20.600	State and Community Highway Safety	---	644,809
Total Highway Safety Cluster		---	644,809
Highway Planning and Construction Cluster:			
20.205	Highway Planning and Construction (Federal Aid Highway Program)	---	12,910
Total Highway Planning and Construction Cluster		---	12,910
TOTAL U.S. Department of Transportation		---	3,882,811
U.S. Department of Treasury			
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	61,003,095	243,388,403
21.023	COVID-19 - Emergency Rental Assistance Program	3,214,871	11,017,771
21.026	COVID-19 - Homeowner Assistance Fund Program	4,157,924	4,157,924
21.019	COVID-19 - Coronavirus Relief Fund	---	5,204
21.029	COVID-19 - Coronavirus Capital Projects Fund	---	59,975
TOTAL U.S. Department of Treasury		68,375,890	258,629,277

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Federal Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipient	Federal Expenditures
	U.S. National Endowment for the Arts		
45.025	Promotion of the Arts Partnership Agreements	---	79,513
	TOTAL U.S. National Endowment for the Arts	---	79,513
	U.S. Institute of Museum and Library Services		
45.310	Grants to States	---	93,790
45.310	COVID-19 Grants to States	---	156,947
	Total Grants to States	---	250,737
	TOTAL U.S. Institute of Museum and Library Services	---	250,737
	U.S. National Endowment for the Humanities (NEH)		
45.129	Promotion of the Humanities Federal/State Partnership	---	19,840
	TOTAL U.S. National Endowment for the Humanities (NEH)	---	19,840
	U.S. Small Business Administration (SBA)		
59.061	State Trade Expansion	---	99,650
	TOTAL U.S. Small Business Administration (SBA)	---	99,650
	U.S. Department of Veterans Affairs		
64.203	Veterans Cemetery Grants Program	---	175,658
	TOTAL U.S. Department of Veterans Affairs	---	175,658
	U.S. Environmental Protection Agency		
66.801	Hazardous Waste Management State Program Support	137,092	2,507,388
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support	---	2,344,952
66.040	Diesel Emissions Reduction Act (DERA) State Grants	---	17,137
66.442	Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	---	852
	TOTAL U.S. Environmental Protection Agency	137,092	4,870,329
	U.S. Department of Energy		
81.042	Weatherization Assistance for Low-Income Persons	---	278,491
81.041	State Energy Program	---	281,655
	TOTAL U.S. Department of Energy	---	560,146
	U.S. Department of Education		
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	---	625,444
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	---	18,377
	TOTAL U.S. Department of Education	---	643,821
	U.S. Election Assistance Commission		
90.404	2018 HAVA Election Security Grants	---	30,376
	TOTAL U.S. Election Assistance Commission	---	30,376

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Federal Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipient	Federal Expenditures
U.S. Department of Health and Human Services			
93.645	Stephanie Tubbs Jones Child Welfare Services Program	---	103,317
93.052	National Family Caregiver Support, Title III, Part E	---	129,556
93.052	COVID-19 National Family Caregiver Support, Title III, Part E	---	37,209
	Total National Family Caregiver Support, Title III, Part E	---	166,765
93.556	MaryLee Allen Promoting Safe and Stable Families Program	---	238,819
93.568	Low-Income Home Energy Assistance	---	255,616
93.568	COVID-19 Low-Income Home Energy Assistance	---	118,439
	Total Low-Income Home Energy Assistance	---	374,055
93.569	Community Services Block Grant	---	855,792
93.569	COVID-19 Community Services Block Grant	---	555,046
	Total Community Services Block Grant	---	1,410,838
93.590	Community-Based Child Abuse Prevention Grants	---	135,591
93.643	Children's Justice Grants to States	---	18,435
93.669	Child Abuse and Neglect State Grants	---	14,311
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	---	143,315
93.434	Every Student Succeeds Act/Preschool Development Grants	---	287,347
93.747	Elder Abuse Prevention Interventions Program	---	46,718
93.747	COVID-19 Elder Abuse Prevention Interventions Program	---	42,583
	Total Elder Abuse Prevention Interventions Program	---	89,301
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	---	9,728
93.043	COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	---	13,076
	Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	---	22,804
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	---	70
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	---	7,552
93.667	Social Services Block Grant	---	38,860
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	---	1,875
93.048	COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	---	62,557
	Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	---	64,432
93.450	Ebola Healthcare Preparedness and Response for Select Cities with Enhanced Airport Entrance Screenings from Affected Countries in West Africa	---	13,717
93.369	ACL Independent Living State Grants	---	21,096
93.464	ACL Assistive Technology	---	111,566
93.630	Developmental Disabilities Basic Support and Advocacy Grants	---	283,893
93.630	COVID-19 Developmental Disabilities Basic Support and Advocacy Grants	---	11,986
	Total Developmental Disabilities Basic Support and Advocacy Grants	---	295,879
93.767	Children's Health Insurance Program	---	16,729,717
93.558	Temporary Assistance for Needy Families	---	481,476
93.499	Low Income Household Water Assistance Program	---	40,185

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Schedule of Expenditures of Federal Awards, continued

Federal Assistance Listing Number	Federal Grantor/Program or Cluster Title	Passed Through to Subrecipient	Federal Expenditures
U.S. Department of Health and Human Services, continued			
Aging Cluster:			
93.044	COVID-19 - Special Programs for the Aging- Title III, Part B-Grants for Supportive Services and Senior Centers, CARES Act for Supportive Services Under Title III-B of the Older Americans Act, and American Rescue Plan for Supportive Services Under Title III-B of the Older Americans Act	---	452,548
93.045	COVID-19 - Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act, CARES Act for Nutrition Services Under Title III-C of the Older Americans Act, and American Rescue Plan for Nutrition Services Under Title III-C of the Older Americans Act	---	830,622
93.053	Nutrition Services Incentive Program	---	73,223
	Total Aging Cluster	---	1,356,393
CCDF Cluster:			
93.489	Child Care Disaster Relief	---	1,242,595
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	---	2,728,187
93.575	Child Care and Development Block Grant	---	7,039,854
93.575	COVID-19 Child Care and Development Block Grant	---	7,818,215
	Total Child Care and Development Block Grant	---	14,858,069
	Total CCDF Cluster	---	18,828,851
Medicaid Cluster:			
93.778	Medical Assistance Program (Medicaid; Title XIX)	---	68,698,607
93.778	COVID-19 Medical Assistance Program (Medicaid; Title XIX)	---	318,867
	Total Medical Assistance Program (Medicaid; Title XIX)	---	69,017,474
	Total Medicaid Cluster	---	69,017,474
	TOTAL U.S. Department of Health and Human Services	---	110,012,166
U.S. Department of Homeland Security			
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	6,668,134	6,668,134
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	2,442,667	2,442,667
	Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	9,110,801	9,110,801
97.012	Boating Safety Financial Assistance	---	600,225
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	44,486	44,486
97.039	Hazard Mitigation Grant Program (HMGP)	4,009,800	4,561,759
97.042	Emergency Management Performance Grants	---	422,711
97.042	COVID-19 Emergency Management Performance Grants	---	83,128
	Total Emergency Management Performance Grants	---	505,839
97.062	Scientific Leadership Awards	---	216,694
97.067	Homeland Security Grant Program (HSGP)	---	781,287
97.047	BRIC: Building Resilient Infrastructure and Communities	112,321	112,435
97.008	Non-Profit Security Program	---	40,698
97.030	Community Disaster Loan	---	8,042,726
97.U01	FEMA-Jfo/Drc-Guard Services	---	661,485
97.U02	FEMA Cost Share For Tinian	---	34,834
97.U03	FEMA-Igsa Enhdisasterlegalserv	---	70,131
	TOTAL U.S. Department of Homeland Security	13,277,408	24,783,400
	TOTAL Expenditures of Federal Awards	\$ 85,171,536	\$ 527,658,067

See accompanying notes to Schedule of Expenditures of Federal Awards.

Commonwealth of the Northern Mariana Islands

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

1. Scope of Audit

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

2. Basis of Presentation

The accompanying Schedule of Expenditure 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, 2022. The information in the Schedule is presented in accordance with the requirements of the 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 the notes to the September 30, 2022 basic financial statements; except that the Northern Marianas 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, 2022.

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, 2022, are as follows:

<u>Agency or Component Unit</u>	<u>Federal Award Total</u>
Commonwealth Ports Authority	\$ 28,230,547
Commonwealth Utilities Corporation	\$ 15,671,323
Marianas Visitors Authority	\$ 988,005
Northern Marianas College	\$ 20,661,135
Public School System	\$106,109,980

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 2022, the CNMI has the following approved indirect cost rates:

Programs which directly charged utilities	7.51%
Programs not directly charging utilities	29.01%

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 included 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 2022 (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

Schedule of Findings and Questioned Costs

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:

Unmodified, 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:

ALN 10.539 CNMI Nutrition Assistance	Unmodified
ALN 10.542 Pandemic EBT Food Benefits (P-EBT)	Qualified
ALN 15.875 Economic, Social, and Political Development of the Territories	Disclaimer
ALN 17.225 Unemployment Insurance	Qualified
ALN 21.023 Emergency Rental Assistance Program	Disclaimer
ALN 21.026 Homeowner Assistance Fund Program	Disclaimer
ALN 21.027 Coronavirus State and Local Fiscal Recovery Funds	Adverse
ALN 93.489/93.575/93.596 CCDF Cluster	Qualified
ALN 93.767 Children's Health Insurance Program	Disclaimer
ALN 93.778 Medical Assistance Program (Medicaid; Title XIX)	Disclaimer
ALN 97.030 Community Disaster Loans	Unmodified
ALN 97.036 Presidentially Declared Disasters	Qualified
ALN 97.039 Hazard Mitigation Grant Program (HMGP)	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

Section I - Summary of Auditors' Results

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.539	CNMI Nutrition Assistance
10.542	Pandemic EBT Food Benefits (P-EBT)
15.875	Economic, Social, and Political Development of the Territories
17.225	Unemployment Insurance (UI)
21.023	Emergency Rental Assistance Program
21.026	Homeowner Assistance Fund Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
	Child Care and Development Fund (CCDF) 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 Child Care and Development Fund
93.767	Children's Health Insurance Program
93.778	Medical Assistance Program (Medicaid; Title XIX)
97.030	Community Disaster Loans
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant Program (HMGP)

Dollar threshold used to distinguish between

Type A and Type B Programs: _____ \$3,000,000 _____

Auditee qualified as low-risk auditee? _____ **Yes** _____ **X** **No**

Section II - Financial Statement Findings

Reference Number	Findings
2022-001	General Ledger and Financial Statement Close Process
2022-002	Schedule of Expenditures of Federal Awards
2022-003	Cash and Cash Equivalents
2022-004	CNMI Workers' Compensation Commission
2022-005	Net Pension Liability
2022-006	External Financial Reporting
2022-007	Capital Assets
2022-008	CNMI Local Noncompliance
2022-009	Due to Component Units
2022-028	21.027 Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2022-029	21.027 Procurement and Suspension and Debarment

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Section II – Financial Statement Findings, continued

Reference Number	Findings
2022-031	21.027 Subrecipient Monitoring
2022-038	93.778 Allowable Costs/Cost Principles
2022-041	93.778 Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)

Section III - Federal Award Findings and Questioned Costs

Reference Number	ALN	Findings	Questioned Costs
2022-010	10.539	Procurement and Suspension and Debarment	Unknown
2022-011	10.542	Activities Allowed or Unallowed	-0-
2022-012	10.542	Eligibility	58,494
2022-013	15.875	Allowable Costs/Cost Principles	1,828,733
2022-014	15.875	Cash Management	482,041
2022-015	15.875	Equipment and Real Property Management	Unknown
2022-016	15.875	Period of Performance	494,836
2022-017	15.875	Procurement and Suspension and Debarment	770,427
2022-018	15.875	Reporting	-0-
2022-019	15.875	Subrecipient Monitoring	549,849
2022-020	17.225	Eligibility	80,773
2022-021	17.225	Special Tests and Provisions - UI Program Integrity - Overpayments	13,152
2022-022	21.023	Allowable Costs/Cost Principles	65,865
2022-023	21.023	Eligibility	331,985
2022-024	21.023	Period of Performance	26,329
2022-025	21.023	Reporting	-0-
2022-026	21.026	Reporting	-0-
2022-027	21.026	Subrecipient Monitoring	4,157,924
2022-028	21.027	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	33,815,438
2022-029	21.027	Procurement and Suspension and Debarment	12,244,415
2022-030	21.027	Reporting	-0-
2022-031	21.027	Subrecipient Monitoring	61,003,095
2022-032	93.489/575/596	Eligibility	43,100
2022-033	93.489/575/596	Special Tests and Provision - Health and Safety Requirements	1,757,352
2022-034	93.767	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	1,182,511

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
2022-035	93.767	Period of Performance	38,556
2022-036	93.767	Reporting	-0-
2022-037	93.767	Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)	7,932,110
2022-038	93.778	Allowable Costs/Cost Principles	27,816,686
2022-039	93.778	Reporting	-0-
2022-040	93.778	Special Tests and Provisions - ADP Risk Analysis and System Security Review	-0-
2022-041	93.778	Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)	3,640,189
2022-042	97.036	Period of Performance	423,234
2022-043	97.036	Reporting	-0-
2022-044	97.036	Subrecipient Monitoring	1,540,330
2022-045	97.039	Allowable Costs/Cost Principles	99,924
2022-046	97.039	Cash Management	2,687,277
2022-047	97.039	Reporting	<u>-0-</u>
		Total	<u>\$163,084,625</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-001

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.

Condition:

1. CNMI was unable to provide sufficient appropriate evidence and financial activities of the following significant general ledger account balances:
 - Cash and cash equivalents (unrestricted and restricted)
 - Receivables, net of allowance for uncollectible accounts
 - Due to/from component units and interfund settlements
 - Depreciable and nondepreciable capital assets
 - Advances, inventories and other assets
 - Accounts payable
 - Tax rebates payable
 - Other liabilities and accruals
 - Compensated absences
 - Net pension liability
 - Landfill closure and post closure costs
 - Net position
 - Revenues
 - Operating expenses
2. Investments and bonds payable are significantly understated. Material audit adjustments were proposed and recorded to correct these misstatements.
3. Reconciliation of beginning net position identified an unreconciled difference of \$19,037, 936, which was corrected through a post-closing client adjustment to the government-wide financial statements, as long-term other liabilities and accruals. This is presented as a reconciling item in the Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position on the basic financial statements.
4. CNMI was unable to monitor the movements of beginning fund balances of all the governmental funds, relating to all prior year audit adjusting journal entries and to all manual adjustments recorded during the fiscal years 2021 and 2022 audits.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-001, continued

Area: General Ledger and Financial Statement Close Process

5. The following accounts reported September 30, 2022 ending balances that are the same balances as of September 30, 2021 or 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
• Tax rebates payable	\$58,365,648
• Recovery rebates payable	\$ 1,628,107
• Due to NMI Settlement Fund	\$25,336,979
• Accrued interest payable	\$ 1,361,391
• Landfill closure and post closure costs	\$15,180,980

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 and cash equivalents (unrestricted and restricted)
- Receivables, net of allowance for uncollectible accounts
- Due to/from component units and interfund settlements
- Depreciable and nondepreciable capital assets
- Advances, inventories and other assets
- Accounts payable
- Tax rebates payable
- Other liabilities and accruals
- Compensated absences
- Net pension liability
- Landfill closure and post closure costs
- Net position
- Revenues
- Operating expenses

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-001, continued

Area: General Ledger and Financial Statement Close Process

Identification as a Repeat Finding: Finding No. 2021-001

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:

Conditions 1 to 5 - The Department of Finance agrees with this finding. These challenges stem from factors such as staff turnover and the transition from a legacy financial system to the newly implemented Tyler Munis platform. The Tyler Munis system includes a dedicated Year-End Closing module equipped with a checklist designed to support timely reconciliations and ensure that all transactions are recorded in the appropriate accounting period. The Department has continued to utilize this module and anticipates measurable improvements in financial reporting accuracy and compliance going forward.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002

Area: Schedule of Expenditures of Federal Awards

Criteria:

In accordance with 2 CFR Part 200.510, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502. At a minimum, the schedule must:

1. List individual Federal programs by Federal agency using the applicable Assistance Listing number(s). For a cluster of programs, provide the cluster name, list of individual Federal programs within the cluster, and provide the Federal agency name and the applicable Assistance Listing Number. For research and development, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency.
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
3. Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is unavailable. For a cluster of programs, also provide the total for the cluster.
4. Include the total amount provided to subrecipients from each Federal program.
5. For loan or loan guarantee programs described in §200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
6. Include notes describing the significant accounting policies used in preparing the schedule and whether the auditee elected to use the de minimis indirect cost rate of up to 15 percent.

In addition, non-Federal entities are required to separately identify COVID-19 expenditures on the SEFA and SF-SAC (Data Collection Form) that is submitted to the Federal Audit Clearinghouse.

Further, in accordance with 2 CFR Part 200.1, a subrecipient is defined as an entity that receives a subaward from a pass-through entity to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a Federal agency.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Condition:

1. The CNMI is not able to generate a trial balance report from its Tyler Munis financial management system that is comparable to the SEFA federal expenditures project subledger reports. Accordingly, the CNMI was not able to substantiate completeness and accuracy of the federal expenditures reported on the SEFA schedule.
2. Tests of accuracy of the SEFA schedule noted the following:
 - a. Inconsistencies in presentation such as grantor agencies and program titles;
 - b. Incorrect Assistance Listing Numbers (ALN);
 - c. ALNs 97.U01, 97.U02 and 97.U03 were presented under one program title as ALN JEA;
 - d. Some federal programs within a cluster of programs were not individually listed or identified; and
 - e. COVID-19 expenditures were either not identified or not separately identified from non-COVID-19 expenditures.

3. The CNMI subsequently identified the following subawards based on our audit procedures:

<u>ALN</u>	<u>Program Title</u>	<u>Per Initial SEFA</u>	<u>Per Final SEFA</u>
15.875	DOI - CIP Projects - Economic, Social, and Political Development of the Territories	\$ ---	\$1,440,394
15.875	Compact Impact - Economic, Social, and Political Development of the Territories	\$ ---	\$ 582,229
21.026	COVID-19 - Homeowner Assistance Fund Program	\$ ---	\$4,157,924
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	\$6,872,258	\$6,668,134
97.036	COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	\$ ---	\$2,442,667
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	\$ ---	\$ 44,486

4. The final SEFA schedule reflected revisions to the following programs' expenditures, resulting in a net increase of FY2022 federal expenditures of \$5,084,551:

<u>ALN</u>	<u>Program Title</u>	<u>Per Initial SEFA</u>	<u>Per Final SEFA</u>	<u>Variance</u>
15.875	Economic, Social, and Political Development of the Territories	\$ 8,058,543	\$ 4,765,346	\$(3,293,197)
15.875	DOI - CIP Projects - Economic, Social, and Political Development of the Territories	\$ 542,066	\$ 3,835,263	3,293,197
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	\$246,346,578	\$243,388,403	(2,958,175)
93.767	Children's Health Insurance Program	\$ 17,048,584	\$ 16,729,717	(318,867)
93.778	COVID-19 Medical Assistance Program (Medicaid; Title XIX)	\$ ---	\$ 318,867	318,867
97.030	Community Disaster Loans	\$ ---	\$ 8,042,726	<u>8,042,726</u>
				<u>\$ 5,084,551</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Condition, continued:

5. In April 2021, the CNMI entered into an agreement for a Community Disaster Loan (CDL) with the United States of America, acting through the Federal Emergency Management Agency (FEMA). The expenditure amount in the SEFA schedule should align with FEMA-CDL's validation of the use of funds. Total validated use of funds at 09/30/22 amounted to \$93,734,930. In addition, the CNMI has a remaining compliance requirement, which is to submit the FY2022 audit for the FEMA-CDL to complete the loan cancellation analysis. The CNMI, however, only reported \$8,042,726 in the FY2022 SEFA schedule, which only pertains to FY2022 expenditures.
6. Of \$2,022,623 in program expenditures for ALN 15.875, classified as subrecipient expenditures, transactions pertain to beneficiaries in nature and/or as the end users of the awards rather than for the purpose of carrying out program requirements on behalf of the CNMI.

<u>Project Numbers</u>	<u>Project Accounting Journal Number</u>	<u>Award / Reference Numbers</u>	<u>Amounts</u>
CI13010001	12854	D22AF00298	\$235,019
CI14010001	12854	D22AF00298	100,000
CI15010001	12854	D22AF00298	170,177
CI26120001	12854	D22AF00298	<u>77,033</u>
			<u>\$582,229</u>

7. The purpose of the award is to carry out program requirements on behalf of the CNMI; however, such were not classified as subrecipient's expenditures in the SEFA.

<u>ALN</u>	<u>Project Numbers</u>	<u>Project Accounting Journal Number</u>	<u>Award / Reference Numbers</u>	<u>Amounts</u>
15.875	2605210073	5077	D21AP00138	\$280,056
15.875	2605210073	3309	D21AP00138	<u>45,890</u>
				<u>\$325,946</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Condition, continued:

8. Of \$9,110,801 in program expenditures for ALN 97.036, classified as subrecipient expenditures, \$2,259,846 pertains to funding received by the CNMI Public Assistance Office to administer the program.

9. The Municipality of Tinian’s direct funding from the Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”), ALN 21.027, as well as the fund transfers received from the CNMI Government’s CSLFRF direct funding and the related expenditures, were separated and maintained by the Office of the Tinian Municipal Treasury. Accordingly, the related grant assistance revenues and expenditures were not recorded in the CNMI’s FY2022 and FY2021 financial statements and SEFA schedules. In addition, fund transfers received from the CNMI’s CSLFRF direct funding during FY2022 and FY2021, amounting to \$4,380,052 and \$350,000, respectively, were reported as CNMI’s expenditures in the FY2022 and FY2021 SEFA schedules.

However, based on a legal opinion subsequently obtained from the CNMI Attorney General’s Office in August 2025, it was determined that the Municipality is not legally separate from the CNMI Central Government under the Governmental Accounting Standards Board requirement. Therefore, the unrecorded grant assistance revenues and expenditures resulted in a net overstatement and understatement in program expenditures amounting to \$3,364,237 and \$(44,397), respectively. Accordingly, the CNMI subsequently recorded an adjustment in August 2025, to reverse the fund transfers received from the CNMI and record the Municipality’s expenditures amounting to \$1,015,815 and \$394,397 at 09/30/22 and 09/30/21, respectively, for which were not included in the audit universe and the program’s total expenditures provided for the audit. Major program determination for ALN 21.027; however, was not affected as the program’s expenditures excluding the adjustments made in August 2025, exceeded the \$3 million Type A programs threshold.

	<u>FY2022</u>	<u>FY2021</u>
Transfers received from the CNMI	\$4,380,052	\$350,000
Expenditures from direct funding	(304,418)	(158,274)
Expenditures from transfers received from the CNMI	<u>(711,396)</u>	<u>(236,123)</u>
Overstatement / (Understatement)	<u>\$3,364,238</u>	<u>\$(44,397)</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Condition, continued:

	<u>FY2022</u>	<u>FY2021</u>
FY2022 expenditures per initial SEFA	246,752,641	\$67,338,331
FY2022 adjustment	(3,364,238)	<u>44,397</u>
FY2022 expenditures per adjusted SEFA	<u>\$243,388,403</u>	<u>\$67,382,728</u>
Expenditures not included in the audit universe and the program's total expenditures provided for the audit	\$ <u>1,015,814</u>	\$ <u>394,397</u>

10. The SEFA included prior year's federal share of expenditures of \$9,958,229 for the following Assistance Listings. Management does not consider the amount to be material to the financial statements to warrant an adjustment.

<u>Assistance Listing</u>	<u>Prior Expenditures</u>
15.875	\$1,578,686
21.023	21,094
21.027	4,715,166
93.767	2,329,965
93.778	769,401
97.039	<u>543,917</u>
	<u>\$9,958,229</u>

For ALN 10.542, expenditures for distributed benefit coupons are recorded when coupons are redeemed. Accordingly, portion of FY2022 benefit expenditures pertain to FY2021 benefits, resulting in a variance of \$4,387,281 from the FY2022 listing of distributed benefit coupons. The listing of FY2021 benefits redeemed in FY2022 was not provided.

<u>Per Project Expenditures Report</u>	<u>Per FY2022 Benefits Eligibility Listing</u>	<u>Variance</u>
\$10,367,320	\$5,980,039	\$4,387,281

11. Test of accuracy of the notes to the SEFA noted total FY2022 federal awards reported for one component unit amounting to \$15,809,152, differs from the total federal awards of \$20,661,135 per the component unit's FY2022 audited report, resulting in a variance of \$4,851,983. The CNMI subsequently resubmitted revised notes to the SEFA to reflect the correct total federal awards of the component unit.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Condition, continued:

In addition, the CNMI subsequently recorded an adjustment to record \$8,042,726 in FY2022 federal expenditures for ALN 97.030 Community Disaster Loan. The notes to the SEFA; however, did not include a footnote disclosure of the outstanding loan balance of \$93,734,930 at 09/30/22.

Cause:

1. CNMI did not effectively perform controls over the preparation of the SEFA and the notes to the SEFA, which resulted in several revised SEFA schedules resubmitted for the audit.
2. CNMI transitioned from its JD Edwards accounting system to Tyler Munis financial management system effective October 2021, for which the CNMI is still in the process of determining proper mapping of subledgers to the general ledger and as well as report generation processes that would be comparable between the trial balance and the federal expenditures project subledger reports.
3. Misclassification between subrecipients and beneficiaries in nature and/or as the end users of the awards.
4. CNMI did not effectively perform controls over the year-end process in recording accruals for unpaid expenditures that were incurred within the fiscal year.
5. Legal opinion as to whether the Municipality of Tinian is legally separated from the CNMI Central Government was not timely sought.

Effect:

The CNMI is in noncompliance with federal SEFA requirements and there are potential misstatements of federal expenditures which may affect major program determinations.

Identification as a Repeat Finding: Finding No. 2021-002

Recommendation:

1. CNMI personnel should undergo further training on the Tyler Munis financial management system to be more knowledgeable in proper mapping of subledgers to the general ledger and be able to produce reports that are comparable between the trial balance and the federal expenditures project subledger reports.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Recommendation, continued:

2. CNMI should improve controls to ensure the SEFA and the notes to the SEFA are prepared accurately and completely. In addition, personnel responsible over the preparation of the SEFA and the notes to the SEFA should undergo training and also utilize the applicable Compliance Supplement and information from SAM.gov for guidance.
3. CNMI should improve controls over the year-end process to help ensure expenditures are recorded in the period incurred.
4. CNMI should have program personnel undergo further training over the distinction between subrecipients, contractors, beneficiaries and/or end users of awards.
5. CNMI should timely seek clarifications and guidance on matters affecting the CNMI's financial reporting requirements and its federal programs.

Views of Responsible Officials:

Condition 1 - The Department of Finance agrees with the findings. As FY2022 was the first year of the Tyler Enterprise ERP system (ERP), we identified inconsistencies between general ledger accounts and the project ledger used for federal transactions. To resolve this, we enhanced our account creation process to ensure each project string is properly linked to a general ledger account, improving traceability, reconciliation, and transparency.

Conditions 2, 3, 6 and 7 - The Department of Finance agrees with the findings. As this fiscal year marks the first implementation of our ERP system, the account creation process was not initially designed to clearly identify subaward projects. To address this, we introduced a new project type to distinguish federal subaward-related projects, improving efficiency in SEFA reporting. For COVID-19 funding, we now create separate projects when funding from the same grantor is issued under different programs, as applied in the creation of ARPA projects. Additionally, our government established a Single Audit Committee under Executive Order 2025-003, providing an additional layer of review to ensure report accuracy. We also formalized key policies with the release of the CNMI Internal Control for Federal Grants Management Manual in May 2025 and the CNMI Sub-recipient Monitoring Policies and Procedures in August 2025.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-002, continued

Area: Schedule of Expenditures of Federal Awards

Views of Responsible Officials, continued:

Conditions 4, 5 and 11 - The Department of Finance agrees with the findings. Under the oversight of the Single Audit Committee, we have established internal deadlines to ensure final SEFA reports are reviewed and approved prior to audit submission. This process strengthens accuracy and completeness. In support of our audit catch-up efforts, we are committed to making all necessary reconciliations and adjustments before submitting the final SEFA reports to avoid revisions.

Condition 8 - The Public Assistance Office (PAO) agrees with this finding. For FY2022, the total amount expensed for subrecipients should have amounted to \$6,850,955. PAO would like to clarify that, according to our program, there was a total of \$9,095,755 in expenditures for FY 2022. These expenditures included \$2,244,800 of expenditures by PAO, the pass-through entity. After further review, the remaining \$15,046 variance was caused by the transition from JDE to Munis. During the transition, subrecipients erroneously had access to expend program funds without PAO review/approval.

Condition 9 - The Department of Finance agrees with the findings. Following the legal opinion from the CNMI Attorney General's Office in August 2025, we secured all necessary documentation from the Municipality of Tinian to ensure proper recording and reconciliation of transactions in our financial system.

Condition 10 - The Department of Finance agrees with the findings. To address the issue, we have established a dedicated project string/GL account to isolate all prior adjustments identified and entered by the Financial Services Federal Section during the current year. This approach ensures that, when preparing the SEFA, these transactions can be easily identified and properly accounted for.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-003

Area: Cash and Cash Equivalents

Criteria:

Bank reconciliations should be timely performed, and reconciling items should be timely adjusted. Also, tracking of proper bank account signatories and copies of bank statements should be kept on record. Further, all cash clearing accounts should be zeroed out as of year-end.

Condition:

Tests of bank reconciliations noted the following:

1. As of September 30, 2022, the CNMI did not prepare a bank reconciliation for twelve cash accounts. An audit adjustment was proposed to correct the book balances.

<u>Bank Code</u>	<u>Account Name</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Variance</u>
11170	Guam Medical Referral	\$ 48,192	\$ 309,409	\$(261,217)
11171	TDOA Medical Referral Treatment	\$ 3,517	\$ 1,358,277	\$(1,354,760)
11310	CHC Medical Referral Imprest	\$ 5,279	\$ 326,926	\$(321,647)
11431	NMI Retirement Fund	\$ 1,352,613	\$(2,169,621)	\$ 3,522,234
11432	NMIRF OPT Outs	\$ 170,296	\$(480,848)	\$ 651,144
11601	COVID-19 Account-TDOA	\$ 1,070	\$(138,138)	\$ 139,208
11603	CARES ACT PUA	\$26,901,431	\$(4,893,905)	\$ 31,795,336
11610	CNMI Treasury Savings	\$ 1,756,936	\$ 1,829,004	\$(72,068)
11629	NMIRF – Mortgage Home Loan	\$ 5,451,784	\$ 233,433	\$ 5,218,351
11636	BGRT Special Trust	\$ 349	\$ 1,147,648	\$(1,147,299)
11930	Collections Clearing	\$ 2,063,986	\$ 1,802,593	\$ 261,393
11991	Miscellaneous Cash Accounts	\$ 4,017	\$ 9,645	\$(5,628)

2. Bank confirmations or bank statements for the following bank accounts were not provided.

<u>Bank Code</u>	<u>Account Name</u>	<u>Book Balance</u>
11130	BOH Honolulu Medical Imprest Fund	\$ 539,486
11140	Riggs National Bank	\$ 4,290
11221	Judiciary Legal Service Revenue	\$(3,511)
11430	BOG General Fund	\$(31,885)
11451	Agricultural Fair	\$ 3
11576	BOG 2020 Census	\$ 500
11627	BOG - Cash Investments	\$ 60,005,635
11628	Escrow Salvage	\$ 298,055
11630	FHB - Cash Investments	\$ 6,000,000
41070	Invest - BOG Pro	\$ 1,245,856

3. As of September 30, 2022, the CNMI recorded net cash clearing accounts of \$16,728,236. These accounts are expected to be zero at fiscal year-end. An audit adjustment was proposed to correct \$16,728,236 of the amount.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-003, continued

Area: Cash and Cash Equivalents

Condition, continued:

4. As of September 30, 2022, the CNMI recorded non-CNMI cash accounts of \$233,433 (bank account code 11629) and (\$480,848) (bank account code 11432). Management did not consider the amount sufficiently material to the financial statements to warrant an adjustment.
5. As of September 30, 2022, 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 Code</u>	<u>Account Name</u>	<u>Book Balance</u>
11960	Unidentified P/Y	\$(519,722)
11980	Unidentified Rev Reimb	<u>326,991</u>
		<u>\$(192,731)</u>

6. As of September 30, 2022, the CNMI recorded negative cash \$2,169,621 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.
7. As of September 30, 2022, the CNMI recorded a negative cash \$26,396,191 cash account (bank code 11400) related to outstanding rebates payable to the Northern Marianas Territorial Income Tax (NMTIT). 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. 2021-003

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-003, 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. In addition, the CNMI should update the authorized signatories for the bank accounts listed at Condition 2.

Views of Responsible Officials:

Conditions 1 to 7 - 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. 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.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-004

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, 2022, 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 \$1,680,999 as of September 30, 2022; however, an investment policy was not provided. In addition, fiscal year 2022 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. 2021-004

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.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-004, continued

Area: CNMI Workers' Compensation Commission

Views of Responsible Officials:

The CNMI agrees with this finding. The transition transferred from the NMIRF into Commerce took effect on September 30, 2013. To the best of the Secretary of Commerce's knowledge, all WCC pertinent financial records including bank information has been transmitted from NMIRF to the Office of the Secretary of Finance at the time and copies provided to the Commerce Secretary.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-005

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 ended September 30, 2022. 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, 2022.
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 2022 for the annual 25% of the class members full benefits aggregating \$51,244,259. 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. 2021-005

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-005, 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:

Conditions 1 to 3 - The Department of Finance agrees with this finding. The 2021 actuarial valuation report was published on July 16, 2024. The Secretary of Finance's Office and the Northern Mariana Islands Settlement Fund (NMISF) are actively coordinating to obtain an updated actuarial valuation of the net pension liability. This process is underway, and we remain committed to closely monitoring progress and ensuring that this objective is achieved.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-006

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. Commonwealth Economic Development Authority (CEDA)
4. 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. 2021-006

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 Single Audit Committee agrees with this finding. The Committee will implement enhanced oversight measures to closely monitor the audit progress of the identified component units. This includes issuing a clear communication on deadlines and conducting periodic follow-ups. The Committee is committed to ensuring that these entities submit their audited financial statements promptly and in accordance with established deadlines.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-007

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, deletions and depreciations to the cost of capital assets during the year ended September 30, 2022.

Cause:

The CNMI lacks controls over its capitalization policy.

Effect:

The financial statements contain errors in regard to capital assets.

Identification as a Repeat Finding: Finding No. 2021-009

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 Division of Procurement and Supply 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.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-008

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 ended September 30, 2022:

	<u>Budgeted Level of Expenditures</u>	<u>Actual Expenditures</u>	<u>Over Expenditure</u>
Executive Branch:			
Department of Commerce	\$1,017,312	\$ 1,070,521	\$ 53,209
Department of Community of Cultural Affairs	\$ 987,442	\$ 1,097,397	\$ 109,955
Department of Corrections	\$2,194,687	\$ 4,203,133	\$ 2,008,446
Department of Finance	\$3,798,025	\$19,502,149	\$15,704,124
Department of Fire and Emergency Medical Services	\$3,681,392	\$ 5,849,789	\$ 2,168,397
Department of Lands and Natural Resources	\$ 535,558	\$ 716,471	\$ 180,913
Department of Public Safety	\$4,617,537	\$ 8,374,834	\$ 3,757,297
Department of Public Works	\$2,770,316	\$ 2,801,055	\$ 30,739
Third Senatorial District - Saipan and the Northern Islands	\$2,201,021	\$ 2,836,730	\$ 635,709
Second Senatorial District - Tinian and Aguiguan	\$6,407,077	\$ 6,813,278	\$ 406,201
Other independent programs	\$ 226,340	\$12,857,524	\$12,631,184
Substance abuse	\$ 179,174	\$ 295,351	\$ 116,177
Office of the Public Auditor	\$ 21,673	\$ 1,503,023	\$ 1,481,350
Boards and commissions	\$ 879,903	\$ 1,241,476	\$ 361,573
Pension contributions (payment to NMISF and NMIRF)	\$ ---	\$13,244,259	\$13,244,259
Health (Medicaid local expenditures and medical referrals)	\$3,360,845	\$ 5,264,021	\$ 1,903,176
Disaster expenditures	\$ ---	\$34,627,669	\$34,627,669

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. 2022-008, continued

Area: CNMI Local Noncompliance

Effect:

Expenditures exceeded budget allocations.

Identification as a Repeat Finding: Finding No. 2021-010

Recommendation:

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

Views of Responsible Officials:

The Department of Finance agrees with this finding. As part of our ongoing fiscal oversight, the Department currently submits quarterly revenue and expenditure reports to the legislature. In preparing these reports, we conduct comprehensive reviews to assess trends and variances between actual financial activity and the provisions outlined in the budget law.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-009

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:

<u>Component Unit</u>	<u>Amount per General Ledger</u>	<u>Amount Reported by the CU</u>	<u>Variance</u>
MVA	\$6,595,120	\$1,890,826	\$ 4,704,294
PSS	\$ 6,907	\$ 153,131	\$(146,224)
CUC	\$5,578,317	\$ ---	\$ 5,578,317
NMC	\$ 185,235	\$5,950,597	\$(5,765,362)

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. 2021-011

Recommendation:

Timely reconciliations should be performed on balances with the component units, and differences should be resolved.

Views of Responsible Officials:

The Department of Finance agrees with this finding which resulted from several challenges, including staff turnover and the implementation of the new financial management system. The Department will perform reconciliations as part of the Month-End Manager process in Tyler Munis and the Year-End Closing Checklist. This will ensure that transactions are recorded in the appropriate accounting period and that balances due to component units are reconciled in a timely manner.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-010

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 Nutrition Assistance Program
Federal Award No.: 7NM4004NM, 7NM400NM7, 7NM500NM1
Area: Procurement and Suspension and Debarment
Questioned Costs: Unknown

Criteria:

In accordance with 2 CFR Section 200.317, when conducting procurement transactions under a Federal award, a State must follow the same policies and procedures it uses for procurements with non-Federal funds. CNMI procurement regulation states the following:

- § 70-30.3-220 Small Purchases:
 - (a) Purchases that use Government-sourced funds (local funds), or any combination of both local and federal funds, may be made according to the small purchase procedures of this subsection:
 - (1) 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.
 - (b) Purchases that use only federal funds may be made according to the small purchase procedures of this subsection:
 - (1) For purchases that exceed \$10,000, but which are less than or equal to \$250,000, a minimum of three vendors shall be solicited to submit written or electronic quotations.
 - (2) A purchase order may be used to make purchases from the United States General Services Administration (GSA), including purchases that exceed \$250,000. When purchasing from GSA, at least one quote shall be obtained.
- § 70-30.3-760 Debarment and Suspension:
 - (a) The official with expenditure authority may file a dispute with the Director against an existing contractor for any failures of performance related to a contract governed by this subchapter.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-010, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.539 Nutrition Assistance Program
 Federal Award No.: 7NM4004NM, 7NM400NM7, 7NM500NM1
 Area: Procurement and Suspension and Debarment
 Questioned Costs: Unknown

Criteria, continued:

In accordance with 2 CFR Section 180.300, entities that enter into covered transactions must verify that the person with whom they intend to do business is not excluded or disqualified by:

- (a) Checking SAM.gov Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

Condition:

- 1. Inconsistencies were noted in procurement regulations over local and federal funded transactions. No questioned costs are presented as the extent of noncompliance could not be quantified.

<u>Small Purchase</u>	<u>Dollar Value</u>	<u>CNMI Procurement Regulations</u>
Local funds or combination with federal funds	Greater than \$10K but ≤ \$50K	A minimum of three vendors shall be solicited.
Federal funds	Greater than \$10K, but ≤ \$250K	A minimum of three vendors shall be solicited.
Local funds	Greater than \$250K	Not stated.
Federal funds	Greater than \$250K	At least one quote shall be obtained when purchasing from the General Services Administration (GSA).

- 2. CNMI does not verify whether a person or a vendor is excluded or disqualified pursuant to 2 CFR Section 180.300, prior to entering into a covered transaction for an amount equal to or exceeds \$25,000. No questioned costs are presented as the extent of noncompliance could not be quantified.

Cause:

- 1. CNMI does not use the same policies and procedures for procurements under a federal award as with procurements from its non-federal funds under the small purchases method.
- 2. CNMI’s procurement regulation is not in accordance with 2 CFR Sections 180.300 and 200.317 of the federal regulations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-010, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.539 Nutrition Assistance Program
Federal Award No.: 7NM4004NM, 7NM400NM7, 7NM500NM1
Area: Procurement and Suspension and Debarment
Questioned Costs: Unknown

Effect:

CNMI is in noncompliance with applicable procurement and suspension and debarment requirements. Questioned costs are unknown as the CNMI could not provide a listing of covered transactions that were procured during FY2022.

Identification as a Repeat Finding: Finding No. 2021-013

Recommendation:

1. The CNMI should revisit its procurement regulations and consider updating applicable sections of the regulations to comply with federal regulations governing federal funds.
2. Responsible CNMI personnel should periodically monitor updates in federal regulations over procurement and suspension and debarment.
3. Establish and implement effective monitoring control over the verification of excluded or disqualified persons or vendors pursuant to CFR Section 180.300, prior to the CNMI entering into a covered transaction.

Views of Responsible Officials:

Condition 1 - The Procurement Services Division agrees with this finding on behalf of the CNMI Nutrition Assistance Program (NAP). The Division will revise CNMI's procurement regulations to ensure alignment with federal procurement standards as outlined in 2 CFR Part 200, particularly the small purchase threshold requirements and competitive procurement procedures.

Condition 2 - The CNMI NAP agrees with this audit finding and that vendors were not being vetted using SAMS.gov. CNMI NAP has created and implemented an internal Standard Operating Procedure (SOP) to address this issue to ensure compliance. The SOP went into effect August 2025. A copy of the SOP can be provided upon request.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-011

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: 7NM400NM2
Area: Activities Allowed or Unallowed
Questioned Costs: \$-0-

Criteria:

1. In accordance with Section 1101(b)(f)(2) of the Families First Coronavirus Response Act, as amended, a State agency may develop and use simplifying assumptions (including a State or local public health ordinance developed in response to COVID-19) and the best feasibly available data to determine the status of a school or covered child care facility as opened, closed, or operating with a reduced number of days or hours, establish State or regionally-based benefits levels, identify eligible children, and establish eligibility periods for eligible children.
2. In accordance with the CNMI State Plan, the Nutrition Assistance Program (NAP) will receive data from the CNMI Department of Education, Child Nutrition Program, the agency which shall receive all school information from the public schools, the private schools, and childcare centers.
3. In accordance with the April 2022 Compliance Supplement, the state agency is to instruct schools and school districts appropriately in order to collect the data necessary to set benefit levels consistent with the terms of the state plan. In addition, use of funds made available for P-EBT must also comply with government accounting and record keeping requirements in 2 CFR 200.334, for which the recipient and subrecipient must retain all Federal award records for three years from the date of submission of their final financial report. For awards that are renewed quarterly or annually, the recipient and subrecipient must retain records for three years from the date of submission of their quarterly or annual financial report, respectively. Records to be retained include but are not limited to financial records, supporting documentation, and statistical records.

Condition:

Documentation of the instructions provided to schools and school districts in order for the CNMI NAP to appropriately collect the necessary data to set benefit levels consistent with the terms of the state plan, was not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-011, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: 7NM400NM2
Area: Activities Allowed or Unallowed
Questioned Costs: \$-0-

Cause:

The CNMI did not provide instructions appropriately to schools and school districts in order to collect the data necessary to set benefit levels consistent with the terms of the state plan.

Effect:

The CNMI is in noncompliance with applicable activities allowed or unallowed compliance requirements.

Recommendation:

The CNMI should implement and enforce monitoring over the required instructions that state agency is to provide to schools and school districts appropriately in order to collect the data necessary to set benefit levels consistent with the terms of the CNMI's P-EBT State Plan.

Views of Responsible Officials:

CNMI NAP disagrees with this finding. The 2022 Compliance Supplement states that the LEA, in this instance, the CNMI Public School System (PSS), is responsible for verifying the current free and reduced-price eligibility of households, unless the LEA is exempt from the verification requirement. PSS is not exempt from the verification requirement and the CNMI NAP has never given instructions to PSS for data collection as it is the PSS' responsibility to supply the data to CNMI NAP for P-EBT. CNMI NAP's role is to distribute the benefits only. Similar to the SUN Bucks (S-EBT) program, PSS furnishes the student listing to CNMI NAP, after which CNMI NAP distributes the benefits according to the listing provided by PSS.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

The 2022 Compliance Supplement being referenced by CNMI NAP pertains to ALN 10.551 Supplemental Nutrition Assistance Program (SNAP). CNMI NAP should refer to the April 2022 Compliance Supplement specifically for ALN 10.542 Pandemic EBT Food Benefits (P-EBT). In addition, documentation that CNMI NAP is not required to provide instructions to schools and school district were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-012

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: 7NM400NM2
Area: Eligibility
Questioned Costs: \$58,494

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.
3. Non-Federal entity’s records/database should include all individuals receiving benefits during the audit period.
4. Non-Federal entity must follow the eligibility process described in its approved State Plan.

Condition:

1. Of sixty (or 100%) eligibility case files tested, aggregating \$58,494 in total benefits paid of a total population of \$5,980,039, documentation supporting eligibility were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-012, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
 Federal Award No.: 7NM400NM2
 Area: Eligibility
 Questioned Costs: \$58,494

<u>Item Number</u>	<u>Case I.D. Number</u>	<u>Benefits Paid and Questioned Costs</u>
1	111307	\$1,753
2	101528	438
3	106469	438
4	100351	877
5	112111	438
6	101292	438
7	101543	877
8	108705	438
9	105647	877
10	105340	1,315
11	106220	877
12	103160	2,630
13	105470	438
14	104458	877
15	111147	438
16	104761	438
17	106946	438
18	100070	1,753
19	10483	1,674
20	103239	438
21	105413	2,192
22	107050	877
23	104449	1,315
24	105500	877
25	108800	877
26	112248	438
27	104532	877
28	105309	877
29	799	3,682
30	101575	438
31	104820	438

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-012, continued

Federal Agency: U.S. Department of Agriculture
 AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
 Federal Award No.: 7NM400NM2
 Area: Eligibility
 Questioned Costs: \$58,494

Condition, continued:

<u>Item Number</u>	<u>Case I.D. Number</u>	<u>Benefits Paid and Questioned Costs</u>
32	109047	1,315
33	106582	438
34	112095	877
35	112610	438
36	108219	1,315
37	103096	438
38	103688	877
39	105425	2,192
40	110703	438
41	111358	438
42	103614	438
43	3695	2,734
44	110918	3,068
45	101614	438
46	105683	438
47	103872	438
48	100544	438
49	110177	438
50	106343	438
51	104151	2,192
52	103910	438
53	105337	2,192
54	104514	438
55	103099	1,315
56	106474	877
57	110285	438
58	100037	877
59	102084	877
60	102401	<u>438</u>
		<u>\$58,494</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-012, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: 7NM400NM2
Area: Eligibility
Questioned Costs: \$58,494

Condition, continued:

2. We were not provided a complete listing of individuals that received benefits in FY2022.

Cause:

CNMI did not enforce compliance with applicable eligibility requirements and lacks monitoring control over the following:

1. Listing of validated eligibility roster data that were not uploaded into the Maven eligibility system due to data entry capacity limitation were not being maintained; and
2. Auditors' access to selected case files for testing were not coordinated with the CNMI NAP eligibility workers and with the PSS-CNP office. Accordingly, CNMI NAP was unable to substantiate that selected case files were eligible to receive P-EBT benefits and that the eligibility process described in its approved State Plan were followed.

Effect:

The CNMI is in noncompliance with the applicable eligibility requirements and questioned costs of \$58,494 result for Condition 1.

Identification as a Repeat Finding: Finding No. 2021-015

Recommendation:

We recommend the CNMI establish and implement monitoring internal control procedures over the following:

1. Maintain a listing of validated eligibility roster data case files that were not uploaded into the Maven system due to data entry capacity limitations; and
2. CNMI NAP personnel should coordinate with its eligibility workers and the PSS-CNP Office for auditors to access selected case files for testing.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-012, continued

Federal Agency: U.S. Department of Agriculture
AL Program: 10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.: 7NM400NM2
Area: Eligibility
Questioned Costs: \$58,494

Views of Responsible Officials:

Conditions 1 and 2 - CNMI NAP disagrees. CNMI NAP was informed that this finding had been cleared so we are perplexed as to the re-emergence of this audit finding. CNMI NAP contends that:

1. Eligibility for P-EBT benefits is not determined by CNMI NAP. P-EBT eligibility was determined by identifying children who qualified for free or reduced-price school meals and then correlating that with a reduction of in-person schooling due to COVID-19. Children in households receiving Supplement Nutrition Assistance Program (SNAP) and young children, under age six, were also eligible, provided their schools or childcare facilities closed or reduced hours for at least five consecutive days due to the pandemic. This data was provided by PSS, as well as the listing of eligible children that corresponded to this data set.
2. There are no “validated eligibility roster data case files” that were not uploaded into MAVEN due to data entry capacity limitations. All rosters provided by PSS were uploaded into MAVEN as this is the only way a case file can be generated in the system.
3. CNMI NAP has reconciled all benefits issued, including the P-EBT benefits for the audit year in question. This is a mandatory, non-negotiable process.

Refer to CNMI’s Corrective Action Plan for additional information.

Auditor Response:

Condition 1 - We understand that eligibility determination is being performed by PSS-CNP, for which in the beginning of the audit and during our fieldwork, we had communicated with CNMI NAP’s personnel to coordinate audit request for eligibility testing with PSS-CNP. This was again communicated with CNMI NAP’s personnel on June 9, 2025. In addition, in response to our follow up on June 19, 2025 of the pending eligibility case files, we were informed that CNMI NAP has yet to reach out to the point of contact at PSS-CNP. Further, in regard to the SNAP case files being maintained by CNMI NAP office, we were informed that the listing has been forwarded to have CNMI NAP’s EW team to assist in gathering the case files. However, case files were not made available for our examination and there was also no communication on our part that finding had been cleared.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-012, continued

Federal Agency:	U.S. Department of Agriculture
AL Program:	10.542 Pandemic EBT Food Benefits (P-EBT)
Federal Award No.:	7NM400NM2
Area:	Eligibility
Questioned Costs:	\$58,494

Auditor Response, continued:

Condition 2 - Based on discussion with CNMI NAP's personnel related to the variance of \$4,387,281 noted between the program's project expenditures report amounting to \$10,367,320 and the benefits eligibility listing amounting to \$5,980,039, it is our understanding from the discussion that the variance is due to expenditures for distributed coupons are recorded when coupons are redeemed and that some benefits were not included in the benefits listing due to data entry capacity limitation of the Maven eligibility system. We acknowledge the process of when expenditures are being recorded; however, there was no communication on our part that finding had been cleared but rather, we requested for the FY2021 listing of issued benefits to verify if the variance is accounted for; but the listing was not provided.

We also acknowledge CNMI NAP's reconciliation process, wherein total amount of coupons redeemed were being reconciled to CNMI NAP's records. However, CNMI NAP was not able to identify which case files are part of the \$4,387,281 variance as reconciliation is not based on individual coupons but rather by total amount redeemed.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-013

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D21AP10104, D20AP00119, 1908220005, D20AP00135, D20AP00162, D19AP00109, D20AP00005, D20AP00036, 2611210017
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$1,828,733

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.

In addition, based on individual grant agreements, grantee is required to obtain approval through an Authorization-to-Proceed (ATP) from the grantor, prior to incurring expenditures or use of funds of the grants.

Condition:

Of forty-nine nonpayroll expenditures tested, aggregating \$3,506,063, of a total population of \$7,424,462, the following were noted:

1. For ten (or 20%), journal vouchers, vendor invoices and contracts were not provided.

<u>Project Number</u>	<u>Grant Award No.</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
1705210020	D21AP10104	11762	\$ 50,000
1901210064	D20AP00119	6117	5,650
1908220005	1908220005	2891	1,124
2001210032	D20AP00135	11110	427,300
2001210033	D20AP00162	3569	550
2006210008	D19AP00109	8838	1,000
2006210008	D19AP00109	1675	265,000
2610210007	D20AP00005	4749	6,871
2611210017	D20AP00036	11715	291,250
2611210017	2611210017	11716	<u>160,000</u>
			<u>\$1,208,745</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-013, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D21AP10104, D20AP00119, 1908220005, D20AP00135, D20AP00162, D19AP00109, D20AP00005, D20AP00036, 2611210017
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$1,828,733

Condition, continued:

2. For seventeen (or 35%), CNMI did not obtain ATPs prior to incurring the following expenditures.

<u>Project Number</u>	<u>Grant Award Number</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
1705210020	D21AP10104	11762	\$ 50,000
2001210020	D18AP00026	1358	144,047
2001210020	D18AP00026	1724	65,203
2001210033	D20AP00162	3569	550
2605210007	D17AP00112	1395	9,245
2605210009	D19AP00090	8324	9,361
2605210068	D20AP00022	3411	70,860
2605210069	D20AP00021	9048	35,508
2605210076	D20AP00018	1555	74,088
2605210076	D20AP00018	5835	74,088
2605210007	D17AP00112	3208	14,025
2605210007	D17AP00112	1538	4,430
2605210007	D17AP00112	3252	14,068
2605210007	D17AP00112	3253	13,160
2001210022	D20AP00007	230	41,625
1704210004	D19AP00130	6026	2,280
2701210042	D21AP10103	440	<u>48,000</u>
			670,538
			Less amounts questioned at Condition 1 for Project Accounting Journal Numbers 11762 and 3569) (<u>50,550</u>)
			<u>\$619,988</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-013, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D21AP10104, D20AP00119, 1908220005, D20AP00135, D20AP00162, D19AP00109, D20AP00005, D20AP00036, 2611210017
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,828,733

Cause:

CNMI lacks monitoring controls over adequate documentation and systematic filing of relevant documentation supporting program costs. In addition, CNMI failed to adhere to grant terms and conditions over the required prior grantor approval through an ATP before incurring program costs.

Effect:

CNMI is in noncompliance with applicable allowable costs/costs principles requirements and questioned cost of \$1,828,733 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$1,208,745
2	<u>619,988</u>
	<u>\$1,828,733</u>

Identification as a Repeat Finding: Finding No. 2021-017

Recommendation:

CNMI should strengthen and enforce compliance with applicable allowable costs/cost principles requirements over the following:

1. Establish and maintain effective systematic filing of relevant documentation to support program costs and for easier retrieval; and
2. Implement more stringent policies and procedures to ensure that an ATP is secured from the grantor before incurring expenses on individual grants that require prior grantor approval.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-013, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D21AP10104, D20AP00119, 1908220005, D20AP00135, D20AP00162, D19AP00109, D20AP00005, D20AP00036, 2611210017
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,828,733

Views of Responsible Officials:

The CNMI's Corrective Action Plan states disagreement.

Condition 1 - The Office of Grant Management (OGM) disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Condition 2 - We disagree with this finding. Our CIP office has obtained an Authorization to Proceed (ATP) for all projects funded by the Office of Insular Affairs under the 702 CIP grants. It appears that supporting documents may not have been provided to the assigned auditor within the required timeframe; however, our office has maintained all ATPs associated with the projects listed in Condition 2.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Conditions 1 and 2 - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-014

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D18AP00033, D18AP00026, D19AP00092, D20AP00020, D20AP00021, D20AP00022, D21AP10046, D22AP00248
 Area: Cash Management
 Questioned Costs: \$482,041

Criteria:

In accordance with Section 6.3.2 of CNMI’s latest approved Cash Management Improvement Act (CMIA) Agreement, the average clearance pattern for ALN 15.875 is fifteen days. In addition, per Section 7.6, to determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State’s account.

Condition:

1. Of fifty-six drawdowns tested, aggregating \$962,404 of a total population of \$5,636,215, the following were noted:
 - a. For twenty-five (or 45%) drawdowns tested, the average clearance date was beyond the allowed fifteen days average clearance pattern.

<u>Project Number</u>	<u>Grant Award No.</u>	<u>Check Number</u>	<u>Drawdown Date</u>	<u>Check Clearance Date</u>	<u>Average Clearance Day</u>	<u>Amount and Questioned Costs</u>
2001210020	D18AP00026	5610002	01/14/22	02/11/22	28	\$65,203
2001210020	D18AP00026	55332934	01/03/22	01/19/22	16	2,043
2605210006	D20AP00020	80980	09/07/22	11/03/22	57	3,630
2605210006	D20AP00020	79330	07/11/22	09/19/22	70	1,830
2605210006	D20AP00020	71370	11/03/21	01/25/22	83	3,030
2605210006	D20AP00020	71370	11/05/21	01/25/22	81	1,161
2605210007	D22AP00248	23006014	09/27/22	02/06/23	132	81
2605210007	D22AP00248	23002481	11/17/21	06/15/22	210	14,978
2605210007	D22AP00248	23004008	11/30/21	09/21/22	295	13,161
2605210007	D22AP00248	23002481	03/29/22	06/15/22	78	14,025
2605210008	D18AP00033	77691	03/16/22	07/08/22	114	9,610
2605210008	D18AP00033	77691	03/17/22	07/08/22	113	9,170
2605210008	D18AP00033	77691	03/17/22	07/08/22	113	6,950
2605210008	D18AP00033	76092	05/23/22	06/20/22	28	450
2605210009	D19AP00090	76092	03/03/22	06/20/22	109	350
2605210009	D19AP00090	23006014	08/15/22	02/06/23	175	325
2605210067	D20AP00021	74412	03/28/22	04/20/22	23	44,696
2605210067	D20AP00021	76094	03/17/22	06/07/22	82	41,851
2605210068	D20AP00022	77532	06/03/22	06/24/22	21	38,066
2605210068	D20AP00022	78785	07/14/22	08/05/22	22	43,433
2605210068	D20AP00022	80960	09/15/22	10/21/22	36	70,860

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-014, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D18AP00033, D18AP00026, D19AP00092, D20AP00020, D20AP00021, D20AP00022, D21AP10046, D22AP00248
 Area: Cash Management
 Questioned Costs: \$482,041

Condition, continued:

<u>Project Number</u>	<u>Grant Award No.</u>	<u>Check Number</u>	<u>Drawdown Date</u>	<u>Check Clearance Date</u>	<u>Average Clearance Day</u>	<u>Amount and Questioned Costs</u>
2605210078	D19AP00092	23005475	02/28/22	12/16/22	291	41,036
2610210007	D21AP10046	23008553	05/09/22	07/25/23	442	150
2610210007	D21AP10046	23008553	02/22/22	07/25/23	518	150
2610210007	D21AP10046	23008553	02/22/22	07/25/23	518	<u>150</u>
						<u>\$426,389</u>

b. For sixteen (or 29%), cash drawdowns support and cancelled checks were not provided.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
1704210004	07/31/22	4555	\$(140)
2008210004	09/30/22	9593	300
2610210007	08/23/22	3735	1,126
FG26290004	08/24/22	4191	700
1908220005	09/30/22	11883	27,104
FG26100020	09/25/22	9395	1
8815210002	12/14/21	1211	500
2610210007	09/10/22	5531	88
2610210007	09/25/22	9395	26
1901210085	10/09/21	1315	2,088
1901210088	05/04/22	1877	1,464
1901210067	12/18/21	2221	9,556
1901210067	05/07/22	5792	12,679
1901210063	10/23/21	1320	25
1901210062	06/13/22	2523	28
1901210063	10/23/21	1320	<u>107</u>
			<u>\$55,652</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-014, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D18AP00033, D18AP00026, D19AP00092, D20AP00020, D20AP00021, D20AP00022, D21AP10046, D22AP00248
Area: Cash Management
Questioned Costs: \$482,041

Cause:

CNMI did not enforce compliance with applicable cash management requirements and lacks monitoring control over the following:

1. Timely renewal of its FY2021 CMIA, which resulted in the delay of renewing its FY2022 CMIA; and
2. Adherence to the program’s prescribed funding technique set forth in the CMIA.

Effect:

CNMI is in noncompliance with applicable cash management requirements and questioned costs of \$482,041 result.

<u>Condition</u>	<u>Questioned Costs</u>
1a	\$426,389
1b	<u>55,652</u>
	<u>\$482,041</u>

Recommendation:

CNMI should strengthen and enforce compliance with applicable cash management requirements, develop and implement effective monitoring controls over the following:

1. Responsible personnel should timely submit and renew the TSA; and
2. Timely disbursements of cash upon receipt of the federal funds.
3. Establish and maintain effective systematic filing of relevant documentations to support program costs and for easier retrieval.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-014, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D18AP00033, D18AP00026, D19AP00092, D20AP00020, D20AP00021, D20AP00022, D21AP10046, D22AP00248
Area: Cash Management
Questioned Costs: \$482,041

Views of Responsible Officials:

Conditions 1a and 1b - CIP agrees with the finding. However, this timing is inherent in our established process. For CIP, once an expense is entered into Tyler Munis and posted, we request a drawdown for those expenses. The check clearing date will naturally occur after the drawdown request date because payment disbursement and check clearing are subsequent steps in the payment process.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-015

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award Nos.: D19AP00130, D20AP00037, D20AP00040, D20AP00126, D20AP00119, D21AP10003, D19AP00142, D20AP00135, D20AP00162, D18AP00130, D19AP00109, D21AP10218, D20AP00005, D21AX10059, D21AP10140
Area: Equipment and Real Property Management
Questioned Costs: Unknown

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, in accordance with 2 CFR Section 200.313(d)(1), property records must be maintained that include a description of the property, a serial number or another identification number, the source of funding for the property (including the Federal award identification number), the title holder, the acquisition date, the cost of the property, the percentage of the Federal agency contribution towards the original purchase, the location, use and condition of the property, and any disposition data including the date of disposal and sale price of the property.

Condition:

The capital assets listing provided, comprised of various federal capital assets, for which the CNMI was not able to identify which capital assets were procured from what federal funding. In addition, the CNMI did not provide the program's schedule of additions and disposals during the fiscal year. Total FY2022 federal capital assets charged to the program amounted to \$1,068,187. No questioned costs are presented as we are not able to quantify the extent of noncompliance.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-015, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award Nos.: D19AP00130, D20AP00037, D20AP00040, D20AP00126, D20AP00119, D21AP10003, D19AP00142, D20AP00135, D20AP00162, D18AP00130, D19AP00109, D21AP10218, D20AP00005, D21AX10059, D21AP10140
 Area: Equipment and Real Property Management
 Questioned Costs: Unknown

Condition, continued:

<u>Project Number</u>	<u>Grant Award No.</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
1704210004	D19AP00130	9875	\$ 2,540
1704210004	D19AP00130	1722	4,181
1901210054	D20AP00037	1069	798
1901210055	D20AP00040	3703	45,836
1901210062	D20AP00126	2464	600
1901210062	D20AP00126	3458	1,250
1901210064	D20AP00119	4705	22,881
1901210071	D21AP10003	4706	47,562
1901210085	D19AP00142	2513	28,995
1908220005	D20AP00135	1038	1,560
2001210032	D20AP00135	11110	427,300
2001210033	D20AP00162	2499	439
2001210060	D18AP00130	1777	5,000
2001210060	D18AP00130	4457	49,995
2001210060	D18AP00130	1471	49,995
2006210008	D19AP00109	2380	265,000
2008210003	D21AP10218	928	235
2610210007	D20AP00005	10821	16,035
2619210033	D21AX10059	3970	4,792
2619210033	D21AX10059	3971	2,396
2619210033	D21AX10059	4063	4,792
2701210043	D21AP10140	1257	50,900
FG26290004	D21AP10140	4191	<u>35,105</u>
			<u>\$1,068,187</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-015, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award Nos.: D19AP00130, D20AP00037, D20AP00040, D20AP00126, D20AP00119, D21AP10003, D19AP00142, D20AP00135, D20AP00162, D18AP00130, D19AP00109, D21AP10218, D20AP00005, D21AX10059, D21AP10140
 Area: Equipment and Real Property Management
 Questioned Costs: Unknown

Cause:

1. The CNMI did not provide sufficient and appropriate audit evidence to assist the auditors during the testing procedures for the equipment and real property management compliance requirement.
2. The CNMI lacks human resources and financial management system structure needed to effect compliance with applicable equipment and real property management requirements.

Effect:

The CNMI is in noncompliance with applicable equipment and real property management requirements. Questioned costs are unknown as the CNMI could not provide the program’s capital assets listing. See below for the cumulative dollar amount of property equipment acquired with program grant funds over the past five years.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Grand Total</u>
\$1,068,187	\$665,165	\$684,611	\$855,479	\$335,551	\$3,608,993

Identification as a Repeat Finding: Finding No. 2021-018

Recommendation:

1. CNMI should adhere to the requirement of 2 CFR Section 200.313(d)(1);
2. Responsible personnel should establish and implement effective monitoring controls to ensure property records are accurately segregated by federal funding source; and
3. 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.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-015, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award Nos.: D19AP00130, D20AP00037, D20AP00040, D20AP00126, D20AP00119, D21AP10003, D19AP00142, D20AP00135, D20AP00162, D18AP00130, D19AP00109, D21AP10218, D20AP00005, D21AX10059, D21AP10140
Area: Equipment and Real Property Management
Questioned Costs: Unknown

Views of Responsible Officials:

The Procurement Services Division agrees with this finding. The CNMI has recently implemented the MUNIS Financial Management System to improve recordkeeping and compliance processes. All equipment and real property records acquired with federal funds will now be entered, tracked, and maintained within MUNIS. Supporting documentation will also be filed in accordance with standardized retention procedures to ensure that accurate and sufficient audit evidence is readily available.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-016

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D20AP00005 and D20AP00037
 Area: Period of Performance
 Questioned Costs: \$494,836

Criteria:

1. A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)).
2. A non-federal entity must liquidate all financial obligations incurred under the federal award not later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award (2 CFR section 200.344(b)).

Condition:

Of eight expenditures tested, aggregating \$593,531 of a total population of \$692,970, the following were noted:

1. For four (or 50%), CNMI was unable to provide supporting documents, such as purchase orders or contracts, to support that expenditures were incurred within the period of performance.

<u>Project Accounting Journal Number</u>	<u>Grant Award Number</u>	<u>Purchase Order / Contract Date</u>	<u>Period of Performance End Date</u>	<u>Amount and Questioned Cost</u>
11841	D20AP00036	Not Provided	09/30/22	\$ 43,160
11715	D20AP00036	Not Provided	09/30/22	291,250
11716	D20AP00306	Not Provided	09/30/22	160,000
7095	D20AP00037	Not Provided	09/30/22	<u>250</u>
				<u>\$494,660</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-016, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D20AP00005 and D20AP00037
 Area: Period of Performance
 Questioned Costs: \$494,836

Condition, continued

2. For one (or 13%), CNMI was unable to provide the cancelled check to support that the expenditure was liquidated within 120 days after the end date of the period of performance.

<u>Project Accounting Journal Number</u>	<u>Grant Award Number</u>	<u>Liquidation End Date</u>	<u>Amount and Questioned Cost</u>
11184	D18AP00033	01/28/23	\$ 176

Cause:

The CNMI did not provide sufficient and appropriate audit evidence to substantiate the expenditures over compliance with applicable period of performance requirement.

Effect:

The CNMI is in noncompliance with applicable period of performance requirements and questioned cost of \$494,836 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$494,660
2	<u>176</u>
	<u>\$494,836</u>

Recommendation:

CNMI should provide timely and consistent communication with the auditors to avoid future noncompliance due to lack of supporting evidence. Having the correct documentation is crucial in determining compliance to each requirement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-016, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D20AP00005 and D20AP00037
Area: Period of Performance
Questioned Costs: \$494,836

Views of Responsible Officials:

Condition 1 - The Office of Grant Management (OGM) disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Based on our records, grant award D20AP00005 remains active with a period of performance extending through September 30, 2025, while grant award D20AP00037 was closed on September 30, 2024. Both grants remained operational well beyond the originally prescribed September 30, 2022 deadline. Given the extended period of performance authorized by the awarding agency, all associated questioned costs (\$494,660.00) are supported by active grant activity and should be deemed allowable. Accordingly, OGM respectfully requests that these questioned costs be removed, as they reflect legitimate expenditures incurred within the approved grant periods.

Condition 2 - CIP agrees with the finding. The responsible official will report progress on corrective actions to the CNMI leadership and maintain documentation of all implemented changes. Evidence of compliance (updated policies, training records, and self-audit reports) will be provided to the auditors upon request.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 1 - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided. Questioned costs are retained, as costs at the time of the audit were not supported by adequate documentation.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-017

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: \$770,427

Criteria:

1. In accordance with 2 CFR Section 200.317, when conducting procurement transactions under a Federal award, a State must follow the same policies and procedures it uses for procurements with non-Federal funds. CNMI procurement regulation states the following:
 - § 70-30.3-220 Small Purchases:
 - (a) Purchases that use Government-sourced funds (local funds), or any combination of both local and federal funds, may be made according to the small purchase procedures of this subsection:
 - (1) 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.
 - (b) Purchases that use only federal funds may be made according to the small purchase procedures of this subsection:
 - (1) For purchases that exceed \$10,000, but which are less than or equal to \$250,000, a minimum of three vendors shall be solicited to submit written or electronic quotations.
 - (2) A purchase order may be used to make purchases from the United States General Services Administration (GSA), including purchases that exceed \$250,000. When purchasing from GSA, at least one quote shall be obtained.
 - § 70-30.3-760 Debarment and Suspension:
 - (a) The official with expenditure authority may file a dispute with the Director against an existing contractor for any failures of performance related to a contract governed by this subchapter.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-017, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
 D19AP00090, D20AP00064, D20AP00049
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$770,427

Criteria:

- § 70-30.3-201 Requirements for Competition:
 - (a) Public notice should be provided for full and open competition procurements.
- 2. In accordance with 2 CFR Section 180.300, entities that enter into covered transactions must verify that the person with whom they intend to do business is not excluded or disqualified by:
 - (a) Checking SAM.gov Exclusions; or
 - (b) Collecting a certification from that person; or
 - (c) Adding a clause or condition to the covered transaction with that person.

Condition:

1. Inconsistencies were noted in procurement regulations over local and federal funded transactions. No questioned costs are presented as the extent of noncompliance could not be quantified.

<u>Small Purchase</u>	<u>Dollar Value</u>	<u>CNMI Procurement Regulations</u>
Local funds or combination with federal funds	Greater than \$10K but ≤ \$50K	A minimum of three vendors shall be solicited.
Federal funds	Greater than \$10K, but ≤ \$250K	A minimum of three vendors shall be solicited.
Local funds	Greater than \$250K	Not stated.
Federal funds	Greater than \$250K	At least one quote shall be obtained when purchasing from the General Services Administration (GSA).

2. CNMI does not verify whether a person or a vendor is excluded or disqualified pursuant to 2 CFR Section 180.300, prior to entering into a covered transaction for an amount equal to or exceeds \$25,000. No questioned costs are presented as the extent of noncompliance could not be quantified.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-017, continued

Federal Agency: U.S. Department of the Interior
 AL Program: 15.875 Economic, Social, and Political Development of the Territories
 Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140, D19AP00090, D20AP00064, D20AP00049
 Area: Procurement and Suspension and Debarment
 Questioned Costs: \$770,427

Condition, continued:

3. Of sixty expenditures tested, aggregating \$921,295 of a total population of \$7,093,422 in nonpayroll expenditures subject to procurement, the following were noted:
- a. For two (or 3%), CNMI did not obtain at least three price quotations from vendors.

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Amount and Questioned Costs</u>
2701210042	6803	08/03/22	\$48,000
1901210064	5835	09/23/22	<u>22,881</u>
			<u>\$70,881</u>

- b. For three (or 5%), bid submissions and invitation-to-bid (ITB) publications were not provided.

<u>ITB Number</u>	<u>Grant Award Number</u>	<u>FY2022 Expenditures and Questioned Costs</u>
ITB22-GOV-42200018	D20AP00021	\$ 85,786
ITB21-GOV-168	D21AP10038	325,946
ITB21-GOV-169	D20AP00022	<u>287,814</u>
		<u>\$699,546</u>

Cause:

1. CNMI does not use the same policies and procedures for procurements under a federal award as with procurements from its non-federal funds under the small purchases method.
2. CNMI's procurement regulation is not in accordance with 2 CFR Sections 180.300 and 200.317 of the federal regulations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-017, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
D19AP00090, D20AP00064, D20AP00049
Area: Procurement and Suspension and Debarment
Questioned Costs: \$770,427

Effect:

CNMI is in noncompliance with applicable procurement regulations and questioned costs of \$770,427 result for Conditions 3a and 3b. Questioned costs are unknown for Conditions 1 and 2 as the CNMI could not provide a listing of transactions that were procured during FY2022.

<u>Condition</u>	<u>Questioned Costs</u>
1	Unknown
2	Unknown
3a	70,881
3b	<u>699,546</u>
	<u>\$770,427</u>

Identification as a Repeat Finding: Finding No. 2021-020

Recommendation:

1. CNMI should revisit its procurement regulations and consider updating applicable sections of the regulations to comply with federal regulations governing federal funds.
2. Responsible CNMI personnel should periodically monitor updates in federal regulations over procurement and suspension and debarment.
3. CNMI should establish policies and procedures for monitoring suspension and debarment status of each vendor of covered transactions. The guidance should be reflective of the provisions set by 2 CFR §180.300.
4. CNMI should provide timely and consistent communication with the auditors to avoid future noncompliance due to lack of supporting evidence.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-017, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016, D18AP00026, D18AP00130, D18AP00140
D19AP00090, D20AP00064, D20AP00049
Area: Procurement and Suspension and Debarment
Questioned Costs: \$770,427

Views of responsible officials:

Condition 1 - The Procurement Services Division agrees with this finding. The Division will revise CNMI's procurement regulations to ensure alignment with federal procurement standards as outlined in 2 CFR Part 200, particularly the small purchase threshold requirements and competitive procurement procedures.

Condition 2 - The Procurement Services Division agrees with this finding. To address the lack of consistent verification of vendor eligibility under federal debarment and suspension requirements (2 CFR §180.300), a policy will be implemented requiring all agencies to submit debarment verification documentation at the time of vendor selection.

Condition 3a - The Office of Grant Management (OGM) disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Condition 3b - The Capital Improvement Program agrees with this finding. CIP acknowledges the need to maintain sufficient and appropriate audit evidence demonstrating compliance with federal procurement standards. We recognize that our current recordkeeping for bid submissions and ITB publication can be improved to ensure that auditors can readily verify compliance.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 3a - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-018

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D21AP10046, D21AP10038-00, D19AP00090, D19AP00006
Area: Reporting
Questioned Costs: -0-

Criteria:

In accordance with applicable reporting requirements, a performance report must be submitted semi-annually and supported by a Narrative Project Status Report.

Condition:

For three (or 14%) of twenty-two reports tested, underlying accounting records supporting the narrative project status reports were not provided.

<u>Project Number</u>	<u>Grant Award Number</u>	<u>Period End Covered</u>
2605210009	D21AP10046	06/30/22
2605210073	D21AP10038-00	06/30/22
2605210007	D19AP00090	06/30/22

Cause:

CNMI lacks monitoring control in ensuring data included in the reports are supported with underlying accounting records and the control in place is not suitably designed due to lack of segregation of duties.

Effect:

CNMI is in noncompliance with the applicable reporting requirements.

Identification as a Repeat Finding: Finding No. 2021-021

Recommendation:

1. CNMI should strengthen and enforce compliance over applicable reporting requirements; and
2. Implement and establish systematic filing of relevant documentations for easy retrieval.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-018, continued

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D21AP10046, D21AP10038-00, D19AP00090, D19AP00006
Area: Reporting
Questioned Costs: -0-

Views of Responsible Officials:

CIP agrees with this finding. A documentation checklist exists; however, it was not consistently fully extended to program administration records. Monitoring controls focused primarily on project completion, resulting in less attention to verifying that supporting documentation for administrative expenses was fully compiled and properly reconciled.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-019

Federal Agency: U.S. Department of the Interior
AL Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AP00016, D18AP00016, D19AP00081 D21AP10043, D21AP000138, D19AP00090
Area: Subrecipient Monitoring
Questioned Costs: \$549,849

Criteria:

1. In accordance with 2 CFR § 200.332, pass-through entity (PTE) must:
 - a. Verify that the subrecipient is not excluded or disqualified in accordance with § 180.300. Verification methods are provided in § 180.300, which include confirming in SAM.gov that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving Federal funds.
 - b. Verify that a subrecipient is audited as required by subpart F.
2. In accordance with 2 CFR §200.1, a subrecipient is defined as an entity that receives a subaward from a PTE to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a Federal agency.
3. Evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient's risk, a PTE should consider the following:
 - (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F and the extent to which the same or similar subawards have been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-019, 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, D18AP00016, D19AP00081 D21AP10043, D21AP000138, D19AP00090
 Area: Subrecipient Monitoring
 Questioned Costs: \$549,849

Condition:

Of nine subrecipients tested, aggregating \$1,263,952 of a total population of \$2,022,623, the following were noted:

1. For nine (or 100%), documentation of the risk assessments performed and verification as to whether the subrecipients are not suspended or debarred were not provided. No questioned costs for grant awards with no corresponding FY2022 expenditures.

<u>Grant Award Number</u>	<u>Grant Period</u>	<u>FY2022 Expenditures and Questioned Costs</u>
D18AP00026	01/01/18 - 09/30/22	\$223,203
D18AP00030	02/01/18 - 09/30/22	---
D19AP00006	11/13/18 - 09/30/23	---
D19AP00081	05/16/19 - 09/30/24	---
D20AP00017	02/05/20 - 09/30/24	---
D21AP00138	03/15/21 - 09/30/26	325,946
D21AP10039	03/15/21 - 09/30/26	---
D21AP10043	03/15/21 - 09/30/26	700
D21AP10044	03/15/21 - 09/30/26	---
		<u>\$549,849</u>

Of eight subrecipient monitoring procedure requirements tested, the following were noted:

2. For two (or 25%), the subrecipients' performance reports did not include the required project narrative report that entails the current state or progress completion in accordance with the scope of work.

<u>Grant Award Number</u>	<u>Narrative Report Period End</u>
D21AP10038	12/31/21
D21AP10038	06/30/22

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-019, 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, D18AP00016, D19AP00081 D21AP10043, D21AP000138, D19AP00090
 Area: Subrecipient Monitoring
 Questioned Costs: \$549,849

Condition, continued:

- For eight (or 100%), no verification as to whether the subrecipients are subject to the audit requirements were provided. No questioned costs are presented as amounts are questioned at Condition 1 for grant award numbers D18AP00026, D21AP00138 and D21AP10043 while the other grant awards have no corresponding FY2022 expenditures.

<u>Grant Award Number</u>	<u>Grant Period</u>	<u>Amounts</u>
D18AP00026	01/01/18 - 09/30/22	\$223,203
D18AP00030	02/01/18 - 09/30/22	---
D19AP00006	11/13/18 - 09/30/23	---
D19AP00081	05/16/19 - 09/30/24	---
D20AP00017	02/05/20 - 09/30/24	---
D21AP00138	03/15/21 - 09/30/26	325,946
D21AP10043	03/15/21 - 09/30/26	700
D21AP10044	03/15/21 - 09/30/26	---
		<u>\$549,849</u>

Cause:

The CNMI does not have written subrecipient monitoring policies and procedures. In addition, the CNMI failed to enforce compliance with subrecipient monitoring requirements and lacks monitoring controls over the following:

- Monitoring activities of a subrecipient to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward;
- Adequate documentation and systematic filing of relevant documentation supporting program costs.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-019, 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, D18AP00016, D19AP00081 D21AP10043, D21AP000138, D19AP00090
Area: Subrecipient Monitoring
Questioned Costs: \$549,849

Effect:

CNMI is in noncompliance with the applicable subrecipient monitoring requirements and questioned costs of \$549,849 result for Condition 1.

Identification as a Repeat Finding: Finding No. 2021-022

Recommendation:

We recommend the CNMI establish an approved/adopted written subrecipient monitoring policies and procedures and implement monitoring internal control procedures over the following:

1. Verification that subrecipients are not excluded or disqualified in accordance with § 180.300, which includes confirming in SAM.gov that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving federal funds;
2. Verification that subrecipients are audited as required by subpart F;
3. Monitoring activities of a subrecipient to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward;
4. Adequate documentation and systematic filing of relevant documentations to support program costs.

Views of Responsible Officials:

Condition 1 - CIP agrees with this finding. To address this finding, CIP will implement a standardized risk assessment checklist to be used for all subrecipients to confirm they are not suspended, debarred, or excluded under 2 CFR §180.300; all staff responsible for subrecipient monitoring will receive training on federal requirements for exclusion checks and proper documentation procedures; and conduct periodic reviews to ensure that SAM.gov checks are consistently performed and documented for all new and existing subrecipients.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-019, 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, D18AP00016, D19AP00081 D21AP10043, D21AP000138, D19AP00090
Area: Subrecipient Monitoring
Questioned Costs: \$549,849

Views of Responsible Officials, continued:

Condition 2 - CIP disagrees with this finding. The subrecipient was not required to submit the required project narrative report; instead, the report was prepared and submitted by the project manager responsible for managing the project as assigned by CIP.

Condition 3 - We acknowledge the finding that documentation was not provided to verify whether eight subrecipients were subject to the audit requirements. CIP will strengthen its subrecipient monitoring procedures to ensure compliance with 2 CFR 200.331(f) and related audit requirements.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 2 - As stated in the subaward agreements, subrecipients shall furnish to the CNMI, project documents certifying beneficiary occupancy and/or substantial completion. This is done through submission of a project narrative status report to the CNMI, which includes information such as scope of work, percentage of completion, status of the project and anticipated completion date. As subrecipients are required to submit certification of project status, report should be prepared by the subrecipients and should be consistently required for all subawards.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-020

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: \$80,773

Criteria:

1. In accordance with 42 USC 1302b-7(d) and (e), aliens must show proof that they are authorized to work by the US Citizenship and Immigration Services (USCIS) in order to be eligible to receive a federal public benefit.
2. Non-Federal entity's records/database should include all individuals receiving benefits during the audit period.

Condition:

1. The CNMI did not provide an accurate population of program benefits for FY2022. The listing generated from the Hire Marianas (HM) portal resulted in a variance of \$4,592,566 compared to the expenditures detail report, for which a reconciliation of the variance was not provided. No questioned costs are presented as we are unable to quantify the extent of noncompliance.

<u>Per Expenditures Detail</u>	<u>Per HM Benefit Listing</u>	<u>Variance</u>
\$42,974,773	\$47,567,339	\$4,592,566

2. Of sixty claimants tested, aggregating \$260,379 in total benefits paid, of a total population of approximately \$47.6 million, for five (or 8%), 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.

<u>Application ID</u>	<u>Total PUA</u>	<u>Total FPUC</u>	<u>FY2022 Benefits Paid and Questioned Costs</u>
110618	\$ 6,430	\$ 7,500	\$13,930
400480	18,573	18,600	37,173
419380	8,625	7,500	16,125
424955	6,555	5,700	12,255
425024	<u>690</u>	<u>600</u>	<u>1,290</u>
	<u>\$40,873</u>	<u>\$39,900</u>	<u>\$80,773</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-020

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: \$80,773

Cause:

1. The CNMI Department of Labor (DOL) failed to upload physically submitted applications and supporting eligibility determinations into the Hire Marianas portal and could not locate the physical documents.
2. 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 42 USC 1302b-7(d) and (e) and questioned costs of \$80,773 result for Condition 2. Questioned costs is unknown for Condition 1 as we are unable to quantify the extent of noncompliance.

<u>Condition</u>	<u>Questioned Costs</u>
1	Unknown
2	<u>80,773</u>
	<u>\$80,773</u>

Identification as a Repeat Finding: Finding No. 2021-024

Recommendation:

The CNMI should strengthen monitoring controls over compliance with applicable eligibility requirements, establish and maintain effective systematic filing of relevant documentation to support program costs and for easier retrieval.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-020, 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: \$80,773

Views of Responsible Officials:

Condition 1 - The CNMI agrees that the expenditure listing from the Financial System is significantly lower than the listing generated from the HireMarianas Portal. This discrepancy is due to the fact that the expenditure listing reflects only disbursed payments, whereas the HireMarianas Portal listing includes transactions that were removed, cancelled, or rejected by the claimant's financial institution. Additionally, the HireMarianas listing includes payments that were cancelled and subsequently reissued through the portal, which may result in what appear to be duplicate entries.

Condition 2 - The CNMI partially agrees with this finding. While it is acknowledged that the identified users' SAVE verification results were uploaded onto the HireMarianas Portal late, all claimants were of qualified alien status in accordance with the definition provided through the Immigration and Nationality Act (INA). Moreover, all SAVE responses are now on the respective applicants' supporting documents tab on the HireMarianas Portal.

The CNMI would like to clarify that the Questioned Costs for the identified users varies from the data provided on the Claimant Schedule submitted on the EY Portal on March 17, 2025.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 2 - SAVE verifications for all five claimants were performed subsequent to FY2022. In addition, FY2022 benefits paid that are questioned agreed to the benefits payment schedule provided for the audit.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-021

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: \$13,152

Criteria:

In accordance with Unemployment Insurance Program Letter (UIPL) 02-12, Change 1, States are required to impose a monetary penalty (an amount not less than 15 percent of the erroneous payments) on claimants whose fraudulent acts resulted in overpayments.

In accordance with UIPL 15-20 Changes 1, 2, 3, and any subsequent changes, and with UIPL 16-20 Changes 1, 2, 3, States that recover Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Unemployment Assistance (PUA) overpayments must return the recovered overpayments to the source of such funds.

Further, in accordance with the CNMI Department of Labor's (DOL) Benefit Payment Control Unit's Standard Operating Procedures (SOP) for PUA and FPUC Overpayments, overpayment cases that are flagged as fraudulent are required to be reported to the Office of the Inspector General's (OIG) Integrity Data Hub Fraud Alert System.

Condition:

Of sixty claimant files tested, aggregating \$210,051 of a total population of \$1,833,948 in overpayments, for one (or 2%) fraudulent case (PUAOP004670), amounting to \$13,152, the CNMI did not provide documentation of the notification of and the follow up to collect the 15 percent penalty in a failed appeal case and the documentation of the reported fraud case to the Office of the Inspector General, for which the amount is questioned.

Cause:

1. The CNMI did not enforce compliance with the provisions of UIPL 02-12, UIPL 15-20, UIPL 16-20, and DOL's Benefit Payment Control Unit's SOP for PUA and FPUC overpayments; and
2. The CNMI failed to notify and follow-up to collect from the claimant, the 15 percent penalty imposed on fraudulent overpayments and also failed to report the fraudulent case to the Office of the Inspector General.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-021, 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: \$13,152

Effect:

The CNMI is in noncompliance with UIPL 02-12, UIPL 15-20, UIPL 16-20, and DOL's Benefit Payment Control Unit's SOP for PUA and FPUC overpayments and questioned costs of \$13,152 result.

Identification as a Repeat Finding: Finding No. 2021-025

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:

The CNMI agrees with this finding as the CNMI DOL did not forward the case to the OIG and did not charge 15% against the overpayment amounts for the respective benefit types. The CNMI is currently in communication with its grantor to determine the appropriate course of action, considering the last action on this claim was in 2022. The CNMI has sought grantor clarification on how to proceed with this matter and is pending further guidance. Further corrective action items, along with a proposed completion date, will be prepared once clarification is received.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-022

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.023 Emergency Rental Assistance Program
 Federal Award No.: COVID-19
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$65,865

Criteria:

1. 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; and
2. In accordance with the U.S. Department of the Treasury’s revised Frequently Asked Questions (FAQs), dated 08/25/21 and 07/27/22, the statutes establishing ERA1 and ERA2 permit the enrollment of households for only prospective benefits. ERA 2 funding does not allow for commitments for rental arrears.

Condition:

Of forty nonpayroll expenditures tested, aggregating \$327,612 of a total population of \$10,498,935, for twenty-nine (or 73%), ERA 2 financial assistance funding provided to households included rental arrears.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount of Rental Arrears and Questioned Costs</u>
2610210021	11/19/21	2282	\$2,200
2610210021	12/02/21	530	1,200
2610210021	12/11/21	920	1,500
2610210021	01/03/22	213	1,255
2610210021	01/07/22	710	770
2610210021	01/26/22	1396	5,472
2610210021	01/31/22	1013	550
2610210021	01/31/22	1013	3,668
2610210021	02/04/22	697	1,375
2610210021	02/16/22	1385	3,600
2610210021	03/03/22	371	8,000
2610210021	03/10/22	2377	405

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-022, continued

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.023 Emergency Rental Assistance Program
 Federal Award No.: COVID-19
 Area: Allowable Costs/Cost Principles
 Questioned Costs: \$65,865

Condition continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount of Rental Arrears and Questioned Costs</u>
2610210021	03/25/22	6182	5,615
2610210021	03/25/22	6305	2,700
2610210021	04/13/22	2144	1,844
2610210021	04/28/22	3621	2,100
2610210021	05/23/22	4776	1,497
2610210021	07/19/22	3372	1,200
8813210004	03/02/22	177	2,975
8813210004	03/21/22	4049	1,153
8813210004	04/01/22	644	7,150
8813210004	04/26/22	2856	2,503
8813210004	05/11/22	1708	2,200
8813210004	05/20/22	4489	683
8813210004	06/07/22	1316	1,500
8813210004	06/13/22	2977	500
8813210004	06/29/22	5061	1,400
AR26100001	08/31/22	5626	350
AR26100001	09/09/22	1325	<u>500</u>
			<u>\$65,865</u>

Cause:

CNMI lacks monitoring controls to ensure ERA 2 funding is not used for rental arrear payments.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$65,865 result.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-022, continued

Federal Agency:	U.S. Department of the Treasury
AL Program:	21.023 Emergency Rental Assistance Program
Federal Award No.:	COVID-19
Area:	Allowable Costs/Cost Principles
Questioned Costs:	\$65,865

Recommendation:

CNMI should strengthen and enforce compliance with applicable allowable costs/cost principles requirements and implement and enforce monitoring controls over the rental assistance program requirements for ERA 2 grants.

Views of Responsible Officials:

The Office of Grant Management (OGM) disagrees with this finding. In alignment with program intent and to ensure housing stability, rental arrears were prioritized and satisfied first. However, in cases where households faced imminent risk of eviction, OGM permitted the submission of concurrent prospective rent payments as an emergency stabilization measure. This approach was necessitated by the protracted processing timelines within the Division of Financial Services, which created a critical lag between approval and disbursement of funds. Without this intervention, households would have been exposed to heightened risk of eviction, undermining the program's primary objective of preventing homelessness. Accordingly, the rental arrears totaling \$65,864 should be deemed an allowable and reasonable program expenditure consistent with the overarching goals of housing retention and client stabilization.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Documentation that ERA 2 funding can be used to provide financial assistance for rental arrears was not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-023

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: \$331,985

Criteria:

15 U.S. Code § 9058c(f)(2) defines an eligible household as one or more individual who are obligated to pay rent on a residential dwelling to which the CNMI has determined the following:

- (A) One or more individuals within the household has:
 - (i) Qualified for unemployment benefits; or
 - (ii) Experienced a reduction in household income, incurred significant costs, or experienced other financial hardship during or due, directly or indirectly, to the coronavirus pandemic;
- (B) One or more individuals within the household can demonstrate a risk of experiencing homelessness or housing instability; and
- (C) The household is a low-income family (as such term is defined in section 1437a(b) of title 42.[2]

Condition:

Of sixty (or 100%) eligibility case files selected for testing, aggregating \$331,986 in total benefits paid of a total population of \$9,825,257, documentation supporting eligibility determinations were not provided.

<u>Item Number</u>	<u>Label Number</u>	<u>Benefits Paid and Questioned Costs</u>
1	SPN-0333	\$ 10,964
2	SPN-1160	4,562
3	SPN-1604	102,084
4	SPN-1831	2,700
5	SPN-2336	6,000
6	SPN-3118	2,250
7	SPN-3693	3,780
8	SPN-4368	2,115
9	SPN-4897	5,134

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-023, continued

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: \$331,985

Condition, continued:

<u>Item Number</u>	<u>Label Number</u>	<u>Benefits Paid and Questioned Costs</u>
10	SPN-5134	2,700
11	SPN-6010	6,384
12	SPN-7212	1,875
13	SPN-7436	2,500
14	SPN-7544	5,110
15	SPN-7642	1,852
16	SPN-7732	3,000
17	SPN-7848	7,218
18	SPN-7941	5,760
19	SPN-8083	2,400
20	SPN-8251	5,466
21	SPN-8369	3,912
22	SPN-8470	5,885
23	SPN-8611	4,500
24	SPN-8737	5,600
25	SPN-8861	2,920
26	SPN-9050	6,500
27	SPN-0037	16,300
28	SPN-0135	2,780
29	SPN-0313	3,050
30	SPN-0516	4,000
31	SPN-0648	3,000
32	SPN-0794	1,680
33	SPN-0991	2,550
34	SPN-1184	1,320
35	SPN-1360	4,440
36	SPN-1567	2,500
37	SPN-1738	1,400
38	SPN-1921	2,367
39	SPN-2049	1,690

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-023, continued

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: \$331,985

Condition, continued:

<u>Item Number</u>	<u>Label Number</u>	<u>Benefits Paid and Questioned Costs</u>
40	SPN-2237	4,400
41	SPN-2386	1,500
42	SPN-2615	2,750
43	SPN-2841	8,000
44	SPN-3072	3,000
45	SPN-3203	2,510
46	SPN-3396	3,571
47	SPN-3551	2,200
48	SPN-3775	5,314
49	SPN-3923	2,860
50	SPN-4052	2,100
51	SPN-4194	1,700
52	SPN-4321	2,780
53	SPN-4442	5,825
54	SPN-4651	2,000
55	SPN-4847	2,933
56	SPN-4969	4,544
57	SPN-6029	5,500
58	SPN-7443	4,500
59	SPN-8530	2,400
60	TIQ-0130	<u>1,350</u>
		<u>\$331,985</u>

Cause:

CNMI did not provide documentation supporting eligibility determinations.

Effect:

CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$331,985 result.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-023, continued

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: \$331,985

Identification as a Repeat Finding: Finding No. 2021-029

Recommendation:

CNMI should strengthen and enforce compliance with applicable eligibility requirements and implement and establish systematic filing of relevant documentations for easy retrieval.

Views of Responsible Officials:

The Office of Grant Management (OGM) disagrees with this finding. The delay in document submission was attributable to internal scheduling constraints combined with the compressed timeline required to complete the FY2022 Single Audit. While the requested documentation was not provided by the auditor's specified deadline, OGM maintains all relevant supporting records in accordance with federal grant retention requirements and remains prepared to furnish them upon request from the Grantor. Although the documentation was submitted several days beyond the deadline, the auditors informed OGM that reviewing the late submission would cause additional delays to the overall audit process. OGM disputes the questioned cost amount of \$331,985, as complete and accurate records exist to substantiate the eligibility determinations of the CCERA clients in question. Given that the program concluded more than two years ago, additional time was necessary to retrieve and compile archived files. Accordingly, OGM asserts that these costs are allowable, allocable, and fully supported, and recommends that the auditors reconsider the finding in light of the shortened audit review window and the program's recordkeeping context.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided. In addition, the agreed submission deadlines were communicated by the Secretary of Finance's Team to the program personnel with various reminders. These submission deadlines were in line with the CNMI's goal to get caught up with the audits. Further, we recommended that OGM coordinate its submission extension request with the SOF; however, approval of the extension was not provided. Questioned costs are retained as costs at the time of the audit were not supported by adequate documentation.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-024

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.023 Emergency Rental Assistance Program
 Federal Award No.: 20010001/000021
 Area: Period of Performance
 Questioned Costs: \$26,329

Criteria:

1. In accordance with 2 CFR 200.344(c), the recipient must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the conclusion of the period of performance;
2. In accordance with the U.S. Department of Treasury closeout activities guidance dated 09/16/22, obligated funds may be expended by grantees for up to 120 calendar days after the end of the award period of performance for allowable administrative activities; and

Condition:

Of fifty ERA 1 expenditures tested, aggregating \$90,179 of a total population of \$191,896, the following were noted:

1. For twenty-seven (or 54%), costs were liquidated after the grant award's end of the 120-day liquidation period of 01/30/23.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
2610210021	02/09/23	2895	\$1,050
2610210021	02/09/23	2896	1,200
2610210021	02/09/23	2897	450
2610210021	02/09/23	2898	2,550
2610210021	02/09/23	2900	2,295
2610210021	02/09/23	2901	1,800
2610210021	02/09/23	2902	1,800
2610210021	02/09/23	2903	825
2610210021	02/09/23	2904	960
2610210021	02/09/23	2905	900
2610210021	02/09/23	2906	3,156
2610210021	02/09/23	2907	1,500
2610210021	02/09/23	2908	900
2610210021	02/09/23	2909	900
2610210021	02/09/23	2910	1,800
2610210021	02/09/23	2911	4,250

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-024, continued

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.023 Emergency Rental Assistance Program
 Federal Award No.: 20010001/000021
 Area: Period of Performance
 Questioned Costs: \$26,329

Condition, continued:

<u>Project Number</u>	Project Accounting <u>Journal Effective Date</u>	Project Accounting <u>Journal Number</u>	<u>Amount and Questioned Costs</u>
2610210021	02/09/23	2912	1,110
2610210021	02/09/23	2922	1,200
2610210021	02/09/23	2921	2,100
2610210021	02/09/23	2920	2,100
2610210021	02/09/23	2919	2,367
2610210021	02/09/23	2918	2,750
2610210021	02/09/23	2917	450
2610210021	02/09/23	2916	1,260
2610210021	02/09/23	2915	1,350
2610210021	02/09/23	2914	3,000
2610210021	02/09/23	2913	<u>960</u>
			<u>44,983</u>
Less reversing journal entries:			
2610210021	02/09/23	3424	(1,909)
2610210021	03/23/23	4700	(400)
2610210021	03/31/23	6489	(3,148)
2610210021	03/31/23	6488	(2,203)
2610210021	03/31/23	6487	(4,170)
2610210021	03/31/23	6484	(367)
2610210021	03/31/23	6483	(367)
2610210021	03/31/23	6482	(2,750)
2610210021	03/31/23	6281	(<u>3,500</u>)
			<u>(18,814)</u>
Net amount			<u>\$26,169</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-024, continued

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.023 Emergency Rental Assistance Program
 Federal Award No.: 20010001/000021
 Area: Period of Performance
 Questioned Costs: \$26,329

Condition, continued:

- For one (or 2%), obligating and liquidation documentations were not provided. Accordingly, the CNMI was not able to substantiate that the cost was incurred/obligated and liquidated within the period of performance.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
2610210020	09/30/22	8624	\$160

Cause:

CNMI did not enforce compliance with the applicable period of performance requirements and lacks monitoring control over the verification that costs charged to the program were incurred/obligated and liquidated within the period of performance.

Effect:

CNMI is in noncompliance with the applicable period of performance requirements and questioned costs of \$26,329 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$26,169
2	<u>160</u>
	<u>\$26,329</u>

Recommendation:

CNMI should strengthen and enforce compliance with the applicable period of performance requirements and implement and enforce monitoring controls over program costs to ensure that costs charged to the program are within the specified period of performance and implement and establish systematic filing of relevant documentation for easy retrieval.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-024, continued

Federal Agency: U.S. Department of the Treasury
AL Program: 21.023 Emergency Rental Assistance Program
Federal Award No.: 20010001/000021
Area: Period of Performance
Questioned Costs: \$26,329

Views of Responsible Officials:

Condition 1 - The Office of Grant Management (OGM) disagrees with this finding. OGM recollects prior guidance and program discussions indicating that U.S. Territories administering ERA were afforded greater flexibility in the period of performance, in recognition of their geographic remoteness and the additional time required to receive technical assistance and implement compliant systems. This understanding informed OGM's administration of ERA funds. Additionally, several disbursed checks were returned, which created reconciliation delays and made it difficult to ascertain the true unobligated balance of the grant until sufficient time had passed for all transactions to clear. To address compliance concerns, CNMI officials traveled to Washington, D.C. in February 2025 to meet with U.S. Treasury representatives and resolve outstanding ERA1 documentation issues. Following those meetings, OGM submitted the necessary reports and initiated the closeout process for ERA1 in accordance with federal requirements.

The questioned cost of \$26,329 reflects expenditures that were directed toward eligible households impacted by COVID-19. These expenditures were necessary, reasonable, and allocable under 2 CFR 200.403, and fully aligned with the statutory purpose of ERA to prevent housing instability. Disallowing these costs would effectively negate assistance that was properly delivered to beneficiaries and undermine the program's objective. For these reasons, OGM respectfully requests that the questioned cost be removed.

Condition 2 - The Office of Grant Management (OGM) disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 1 - Documentation of the afforded flexibility over the period of performance requirements for the CNMI's ERA grants was not provided. Questioned costs are retained, as costs at the time of the audit were not supported by adequate documentation.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-024, continued

Federal Agency:	U.S. Department of the Treasury
AL Program:	21.023 Emergency Rental Assistance Program
Federal Award No.:	20010001/000021
Area:	Period of Performance
Questioned Costs:	\$26,329

Auditor Response, continued:

Condition 2 - CNMI states disagreement; however, CNMI acknowledges that documentation supporting program costs were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-025

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:

1. In accordance with the Emergency Rental Assistance (ERA) program reporting guidance v 1.0, all State, Local, and Territorial Recipients and all Tribe, TDHE, and the DHHL Recipients must submit the Federal Financial Report, Standard Form 425 (SF-425) and the ERA 1 and ERA 2 Special Reporting Reports (1505-0266), on a quarterly basis. Recipients must provide all required reports on each ERA1 and ERA2 award separately without commingling funds, data, or records. Treasury uses the financial report to compare the rate of the Recipient’s actual expenditures against performance data to verify that expenditure amounts align with project activities.
2. In addition, per the ERA program reporting guidance addendum, dated July 15, 2021, ERA1 and ERA2 State, Local and Tribal Recipients are required to submit full quarterly financial and programmatic reports, consistent with Treasury’s ERA Reporting Guidance v 1.0, beginning with the Q3 2021 reporting period. Recipients are required to submit their Q1, Q2 and Q3 reports by October 15, 2021, and future quarterly reports as required in the ERA Reporting Guidance v 1.0.

Condition:

CNMI was unable to provide evidence that the following quarterly federal financial reports (SF-425) and the special reporting reports (1505-0266) for ERA 1 and ERA 2 grants were submitted. Accordingly, we were unable to test the accuracy of any amounts reported.

<u>Quarter</u>	<u>Reporting Period</u>
Q1 2021	Award Date - 03/30/21
Q2 2021	04/01/21 - 06/30/21
Q3 2021	07/01/21 - 09/30/21
Q4 2021	10/01/21 - 12/31/21
Q1 2022	01/01/22 - 03/31/22
Q2 2022	04/01/22 - 06/30/22

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-025, continued

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-

Cause:

CNMI did not enforce compliance with applicable reporting requirements and lacks monitoring controls over adequate documentation and systematic filing of relevant documentation supporting the program's reporting requirements.

Effect:

The CNMI is in noncompliance with applicable reporting requirements.

Identification as a Repeat Finding: Finding No. 2021-030

Recommendation:

CNMI should strengthen and enforce compliance with the applicable reporting requirements and implement and establish systematic filing of relevant documentations for easy retrieval.

Views of Responsible Officials:

The Office of Grants Management (OGM) admits that accurate and timely financial reporting was significantly challenged due to systemic and operational factors. The CNMI's financial management system was transitioning from JD Edwards to Tyler-Munis, resulting in shifting expense allocations and fluctuating fund balances throughout the fiscal year. These system migrations inherently delayed reconciliation and reporting of final totals.

ERA program checks were periodically cancelled or returned by landlords as tenants exercised relocation options to improve housing conditions. These returned or voided payments caused monthly variations in financial reporting figures. OGM communicated these variances and the corresponding fluctuations in the SF-425 reports to Ernst & Young (EY) during the reporting period. It was only several months after the fiscal year's close that the expenses stabilized, reflecting accurate and reconciled program expenditures.

OGM also submitted a narrative report for this reporting period to EY, consistent with federal reporting expectations. It is important to note that the Department of Finance retained primary responsibility for reporting program activities to the U.S. Treasury, and OGM did not have direct access to the Treasury ERA portal. This limitation further constrained OGM's ability to provide real-time, system-generated reporting.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-025, continued

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-

Views of Responsible Officials, continued:

Despite these challenges, OGM provided EY with a comprehensive listing of expenses that reconciled to the FMIS-generated ending fund balance for this business unit. Given these circumstances, OGM asserts that any variances observed in the SF-425 are the result of operational and systemic constraints, and the office should not be penalized for discrepancies arising under these extraordinary conditions.

Subsequently, all ERA1 reporting were resolved in February 2025 with the U.S. Treasury. This action closed the grant officially.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

While OGM provided an explanation of the variances on the SF-425 reports and the excel files of household participants data, the corresponding SF-425 and special reporting reports were not provided. Accordingly, we were unable to test the accuracy of any amounts and/or data reported.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-026

Federal Agency: U.S. Department of the Treasury
 AL Program: 21.026 Homeowner Assistance Fund Program
 Federal Award No.: HAF0205
 Area: Reporting
 Questioned Costs: \$-0-

Criteria:

In accordance with 2 CFR Part 170 and the Federal Funding Accountability and Transparency Act (FFATA), recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more in federal funds to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS). For subaward information, recipients are required to report no later than the end of the month following the month in which the subaward was issued.

Condition:

The program did not report first-tier subawards of \$30,000 or more to FSRS. The table below summarizes our findings:

Transactions Tested	Subaward not Reported	Report not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
5	1	1	-	-
Dollar Amount of Tested Transactions	Subaward not Reported	Report not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
\$ 4,157,924	\$ 4,157,924	\$ 4,157,924	-	-

Cause:

The cause is the lack of adherence in reporting obligations established by the US Treasury regarding compliance with the reporting requirements.

Effect:

CNMI is in noncompliance with the Federal Funding Accountability and Transparency Act (FFATA) reporting requirement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-026, continued

Federal Agency:	U.S. Department of the Treasury
AL Program:	21.026 Homeowner Assistance Fund Program
Federal Award No.:	HAF0205
Area:	Reporting
Questioned Costs:	\$-0-

Recommendation:

CNMI should establish policies and procedures to verify that the required FFATA reports are prepared and submitted to the Subaward Reporting System.

Views of Responsible Officials:

The CNMI agrees with this finding. Department of Finance Program Manager previously responsible for overseeing this grant is no longer with the Department. DOF will work with NMHC to verify whether the required FFATA reports and any other required activities were prepared and submitted to the Subaward Reporting System.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-027

Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund Program
Federal Award No.: HAF0205
Area: Subrecipient Monitoring
Questioned Costs: \$4,157,924

Criteria:

In accordance with 2 CFR § 200.332, a 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:
 - 1) The award as a subaward at the time of subaward by providing the information described in 2 CFR § 200.332(a)(1);
 - 2) 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; and
 - 3) Any additional requirements that the PTE imposes in order for the PTE to meet its own responsibility for the federal award.
- Evaluating the impact of subrecipient activities on the PTE's ability to comply with applicable federal regulations.

Condition:

1. We are unable to obtain an understanding of the CNMI's process to identify subawards, evaluate risk of noncompliance, and perform monitoring procedures based upon identified risks.
2. The CNMI did not provide a subrecipient agreement. Instead, a memorandum of agreement (MOA) was issued between the CNMI and the subrecipient for reimbursement of costs in the planning and administration of the program.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-027, continued

Federal Agency: U.S. Department of the Treasury
AL Program: 21.026 Homeowner Assistance Fund Program
Federal Award No.: HAF0205
Area: Subrecipient Monitoring
Questioned Costs: \$4,157,924

Condition, continued:

The MOA did not have the following required information:

- Subrecipient’s unique entity identifier;
 - Federal Award Identification Number (FAIN);
 - Federal award Date of award to the recipient by the Federal agency;
 - Subaward Period of Performance Start and End Date;
 - Subaward Budget Period Start and End Date;
 - Amount of Federal Funds Obligated by this action by CNMI;
 - Total Amount of Federal Funds Obligated to the subrecipient;
 - Total amount of the Federal award committed to the subrecipient by CNMI;
 - Federal award project description, as required to be responsive to the Federal Funding and Transparency Act (FFATA);
 - Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the CNMI;
 - Identification of whether the award is R&D; and
 - Indirect cost rate for the Federal award (including if the de minimis rate is charged)
3. Documentation was not provided to demonstrate monitoring procedures were performed on the subrecipient. Total FY2022 subrecipient expenditures amounted to \$4,157,924, for which the amount is questioned.
4. There was no evidence of procedures used to monitor the subrecipient’s compliance with applicable laws, regulations, and provisions of contracts and grant agreements. Further, we are aware that the subrecipient is subjected to Single Audits; however, there was no evidence that the Single Audit report was used as a monitoring tool.

Cause:

1. CNMI has no existing written subrecipient monitoring policies and procedures; and
2. CNMI failed to enforce compliance with subrecipient monitoring requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-027, continued

Federal Agency:	U.S. Department of the Treasury
AL Program:	21.026 Homeowner Assistance Fund Program
Federal Award No.:	HAF0205
Area:	Subrecipient Monitoring
Questioned Costs:	\$4,157,924

Effect:

The CNMI is in noncompliance with applicable subrecipient monitoring requirements and questioned costs of \$4,157,924 result for Condition 3.

Recommendation:

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

Views of Responsible Officials:

Conditions 1 to 4 - The Department of Finance agrees with this finding. The Department has recently adopted and approved (August 2025) a Subrecipient Monitoring Policy and Procedures which specifically focused on the implementation of 2 CFR 200.331.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028

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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Criteria:

1. In accordance with the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) interim and final rules, recipients may use CSLFRF payments for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 (codified as 42 USC 802 and 42 USC 803 respectively), Treasury’s Interim Final Rule and Final Rule at 31 CFR sections 35.7 and 35.8, and Frequently Asked Questions (FAQs).
2. CSLFRF is considered “other financial assistance” per 2 CFR section 200.1 and is administered as direct payments for specified use. The 2 CFR Part 200, Subpart E is applicable to expenditures under CSLFRF unless stated otherwise; and
3. 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 forty-seven nonpayroll expenditures tested, aggregating \$91,046,132 of a total population of \$192,051,799, the following were noted:

1. For sixteen (or 34%), transactions were only supported with journal entry reports and manual spreadsheets reflecting breakdown of charges, while Project Accounting Journal Number 13675 was only supported with a journal entry report and an inter-office memorandum. We were not provided with adequate documentation intended to substantiate transactions are for eligible use and for allowable costs in accordance with the restrictions set forth in sections 602 and 603 of the Social Security Act and 2 CFR section 200.1. In addition, the check/ACH payment for Project Accounting Journal Number 13675 was not provided.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
8817210002	09/30/22	13675	\$3,494,619
8822210001	10/31/21	2387	192,444

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
8822210001	11/30/21	3052	1,604,610
8822210001	12/31/21	2941	320,611
8822210001	01/10/22	792	715,986
8822210001	02/04/22	1447	217,533
8822210001	02/24/22	1953	65,158
8822210001	02/28/22	3717	221,813
8822210001	03/15/22	2740	351,506
8822210001	03/31/22	7030	83,075
8822210001	04/30/22	4112	74,196
8822210001	05/20/22	3338	62,342
8822210001	05/31/22	6236	327,030
8822210001	08/31/22	6286	1,705
8822210001	09/30/22	5815	3,312
8899210030	09/30/22	12891	<u>24,020,500</u>
			<u>\$31,756,440</u>

2. For two (or 4%), either the purchase requisitions, purchase orders and/or contract agreements or equivalent documentation were not provided.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
1405210001	06/06/22	1016	\$67,400
2619210001	12/09/21	1244	<u>21,368</u>
			<u>\$88,768</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Condition, continued:

3. For three (or 6%), either the invoice or budget allotment requests, or equivalent documentations, were not provided.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
2701210003	08/29/22	5113	\$ 8,000
8810210001	03/31/22	7440	1,254,544
8813210002	04/30/22	4352	<u>356,600</u>
			<u>\$1,619,144</u>

4. For two (or 4%), receiving reports or equivalent documentation evidencing receipt of items or that services were rendered were not provided. No questioned costs are presented as amounts are questioned at Condition 3.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
2701210003	08/29/22	5113	\$ 8,000
8813210002	04/30/22	4352	<u>356,600</u>
			<u>\$364,600</u>

5. For three (or 6%), payment approvals for the following transactions were not evident. No questioned costs are presented as amounts are questioned at Condition 3 for Project Accounting Journal Numbers 5113 and 7440 and at Condition 1 for Project Accounting Journal Number 13675.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
2701210003	08/29/22	5113	\$ 8,000
8810210001	03/31/22	7440	1,254,544
8817210002	09/30/22	13675	<u>3,494,619</u>
			<u>\$4,757,163</u>

Of thirteen payroll expenditures tested, aggregating \$706,186 of a total population of \$54,700,842, the following were noted:

- For one (or 8%), the payroll distribution report or equivalent documentation was not provided. We were not provided adequate documentation intended to substantiate the transaction pertains to premium pay expenditures and are for eligible uses and for allowable costs in accordance with the restrictions set forth in sections 602 and 603 of the Social Security Act and 2 CFR section 200.1, for which the corresponding directly associated costs are also questioned.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>	<u>Fringe Benefits</u>	<u>Total and Questioned Costs</u>
8899210034	01/01/22	1823	\$308,000	\$23,562	\$331,562

- For nine (or 69%), either the notice of personnel action forms (NOPA) and/or timesheets were not provided, for which the corresponding directly associated costs are also questioned. In addition, included in the gross pay for Employee Number 163508, was an adjustment to increase the gross pay by \$165; however, documentation supporting the adjustment was also not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Condition, continued:

Project Number	Project Accounting	Project Accounting	Employee Number	Documents	Gross Pay	Fringe Benefits	Questioned Costs
	Journal Effective Date	Journal Number		Not Provided			
1202210001	10/23/21	1320	163508	NOPA	\$ 1,353	\$ 103	\$ 1,456
1904210001	12/18/21	2221	296519	NOPA	\$ 940	\$ 83	1,023
2611210002	02/12/22	3224	1179512	NOPA	\$ 846	\$ 65	911
7101210003	02/26/22	3225	170373	Both	\$ 9,231	\$ 706	9,937
8805210001	06/18/22	5307	165848	Timesheet	\$ 740	\$ 57	797
1402210001	06/04/22	5051	935255	Both	\$ 961	\$ 74	1,035
2607210001	06/04/22	5051	264716	NOPA	\$ 1,346	\$ 313	1,659
1201210001	07/16/22	4282	640742	NOPA	\$ 671	\$ 51	722
1904210002	06/04/22	1442	159853	NOPA	\$ 1,266	\$ 718	<u>1,984</u>
							\$ <u>19,524</u>

8. Of sixty journal entries tested, aggregating \$1,186,206 of a total population of \$120,047,567, for fifty-one (or 85%), underlying accounting records for the original entries were not provided. For Project Accounting Journal Number 7310, documentation provided was not clear. No questioned costs are presented, as the extent of noncompliance, if any, could not be quantified.

Project Number	Project Accounting Journal Effective Date	Project Accounting Journal Number	Amount
2606210001	10/09/21	1315	\$ 21
1401210002	01/29/22	2316	510
1705210003	01/29/22	2316	77
1709210003	01/29/22	2316	47
1206210001	01/29/22	2316	705
1111210002	10/09/21	1319	1
2701210005	10/09/21	1315	48
6207210001	01/29/22	2316	38
1208210001	09/24/22	12036	19
1909210002	10/09/21	1319	5
8899210034	01/29/22	2317	365,000
1505210003	01/29/22	2316	10,092

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
8802210006	10/09/21	1319	16
1111210001	01/29/22	2316	446
1401210001	10/09/21	1315	92
8822210001	01/31/22	2120	299,567
8822210001	04/30/22	4290	2,655
8822210001	04/30/22	4275	3,311
2701210005	09/30/22	12031	21
8822210001	09/30/22	6241	41,823
1401210001	01/29/22	2316	3,162
8822210001	06/30/22	5437	64,174
2001210058	09/30/22	12194	311
1907210003	09/30/22	12031	3
5105210001	10/09/21	1506	1
2618210001	01/29/22	2317	27
1401210003	10/09/21	1319	126
2626210001	10/09/21	2070	2
1704210002	10/09/21	1315	6
6203210001	10/01/21	2465	500
2001210058	10/09/21	1319	208
2601210001	10/09/21	1315	30
1604210001	10/09/21	1315	253
1807210001	10/09/21	1506	63
2001210058	10/09/21	1319	109
2601210001	10/09/21	1319	1,964
8809210003	10/09/21	1319	211
8899210034	07/02/22	2842	1
5101210001	02/22/22	1448	1,891
5103210001	09/25/22	12329	3
8822210001	04/30/22	4149	20,137

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$33,815,438

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
8822210001	01/31/22	2121	68,953
8822210001	05/31/22	6087	3,171
8822210001	02/28/22	3799	22,796
1702210002	08/14/22	6568	100
2618210001	04/30/22	4538	100
8822210001	08/31/22	6284	2,921
1111210001	10/09/21	1315	40
1401210002	10/09/21	1319	26
5103210001	09/30/22	12163	3
6207210001	03/31/22	7310	<u>4,900</u>
			<u>\$920,686</u>

9. FY2022 and FY2021 expenditures for the Municipality of Tinian, amounting to \$1,015,815 and \$394,397, respectively, were not tested; accordingly, we were not able to determine allowability. No questioned costs are presented as the extent of noncompliance, if any, could not be quantified.

Cause:

CNMI did not enforce compliance with applicable allowable costs/cost principles requirements and lacks monitoring controls over the following:

1. Adequate documentation and systematic filing of relevant documentation supporting program costs.
2. Municipality of Tinian’s expenditures were not recorded in the CNMI’s FY2022 and FY2021 financial statements and SEFA schedules.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Questioned Costs: \$33,815,438

Cause, continued:

3. Legal opinion as to whether the Municipality of Tinian is legally separated from the CNMI Central Government was not timely sought.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$33,815,438 result. Unknown questioned costs are presented for Conditions 8 and 9 as the extent of noncompliance, if any, could not be quantified.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$31,756,440
2	88,768
3	1,619,144
6	331,562
7	19,524
8	Unknown
9	<u>Unknown</u>
	<u>\$33,815,438</u>

Identification as a Repeat Finding: Finding No. 2020-031

Recommendation:

CNMI should strengthen and enforce compliance with applicable allowable costs/cost principles requirements, develop and implement effective monitoring controls over the following:

1. Establish and maintain effective systematic filing of relevant documentation to support program costs and for easier retrieval;

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-028, 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: Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Questioned Costs: \$33,815,438

Recommendation, continued:

2. Effective monitoring controls over compliance with Sections 602 and 603 of the Social Security Act (the “Act”) requirements, 2 CFR section 200.1 and 2 CFR Part 200, Subpart E; and
3. The CNMI should timely seek clarification and guidance on matters affecting the CNMI’s financial reporting requirements and its federal programs requirements.

Views of Responsible Officials:

Conditions 1 and 6 - The Department of Finance agrees with this finding. It is important to note that the issue occurred during FY2022, a period marked by the transition from the legacy financial system (JDE) to the new Tyler Munis platform. During this time, processes for retaining and reconciling supporting documents had not been standardized, resulting in inconsistencies and a heightened risk of missing or improperly uploaded records.

Conditions 2 to 5, 7 and 8 - The Department of Finance disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Condition 9 - The Department of Finance agrees with the findings. Following the legal opinion from the CNMI Attorney General’s Office in August 2025, we secured all necessary documentation from the Municipality of Tinian to ensure proper recording and reconciliation of transactions in our financial system.

Refer to CNMI’s Corrective Action Plan for additional information.

Auditor Response:

Conditions 2 to 5, 7 and 8 - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029

Federal Agency: U.S. Department of 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: \$12,244,415

Criteria:

1. In accordance with 2 CFR Section 200.317, when conducting procurement transactions under a Federal award, a State must follow the same policies and procedures it uses for procurements with non-Federal funds. CNMI procurement regulation states the following:
 - § 70-30.3-220 Small Purchases:
 - (a) Purchases that use Government-sourced funds (local funds), or any combination of both local and federal funds, may be made according to the small purchase procedures of this subsection:
 - (1) 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.
 - (b) Purchases that use only federal funds may be made according to the small purchase procedures of this subsection:
 - (1) For purchases that exceed \$10,000, but which are less than or equal to \$250,000, a minimum of three vendors shall be solicited to submit written or electronic quotations.
 - (2) A purchase order may be used to make purchases from the United States General Services Administration (GSA), including purchases that exceed \$250,000. When purchasing from GSA, at least one quote shall be obtained.
 - § 70-30.3-760 Debarment and Suspension:
 - (a) The official with expenditure authority may file a dispute with the Director against an existing contractor for any failures of performance related to a contract governed by this subchapter.
2. In accordance with 31 CFR Section 19.300, prior to entering into subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded:

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Criteria, continued:

- (a) Checking the EPLS; or
 - (b) Collecting a certification from that person if allowed by this rule; or
 - (c) Adding a clause or condition to the covered transaction with that person.
3. In accordance with 2 CFR Section 200.321, when possible, the recipient or subrecipient should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are considered as set forth below.

Such consideration means:

- (1) These business types are included on solicitation lists;
 - (2) These business types are solicited whenever they are deemed eligible as potential sources;
 - (3) Dividing procurement transactions into separate procurements to permit maximum participation by these business types;
 - (4) Establishing delivery schedules (for example, the percentage of an order to be delivered by a given date of each month) that encourage participation by these business types;
 - (5) Utilizing organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - (6) Requiring a contractor under a Federal award to apply this section to subcontracts.
4. In accordance with 2 CFR Section 200.327, States must also ensure that every contract includes the applicable required contract clauses described in Appendix II of this part.

Condition:

1. Inconsistencies were noted in procurement regulations over local and federal funded transactions. No questioned costs are presented as the extent of noncompliance could not be quantified.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Condition, continued:

<u>Small Purchase</u>	<u>Dollar Value</u>	<u>CNMI Procurement Regulations</u>
Local funds or combination with federal funds	Greater than \$10K but ≤ \$50K	A minimum of three vendors shall be solicited.
Federal funds	Greater than \$10K, but ≤ \$250K	A minimum of three vendors shall be solicited.
Local funds	Greater than \$250K	Not stated.
Federal funds	Greater than \$250K	At least one quote shall be obtained when purchasing from the General Services Administration (GSA).

2. CNMI does not verify whether contractors are not suspended, debarred, or otherwise excluded pursuant to 31 CFR section 19.300, prior to entering into a covered transaction for an amount equal to or exceeds \$25,000 with award funds. No questioned costs are presented as the extent of noncompliance could not be quantified.

Of sixty expenditures tested, aggregating \$12,867,972 of a total population of \$35,131,391 in nonpayroll expenditures subject to procurement, the following were noted:

3. For five (or 8%), transaction amounts exceeded the \$10,000 small purchase threshold; however, only one vendor quotation was obtained.

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting</u>		<u>Amount and Questioned Costs</u>
		<u>Journal</u>	<u>Effective Date</u>	
1801210002	4669	09/20/22		\$ 21,500
2701210012	6083	05/31/22		51,725
2701210012	4413	07/31/22		88,700
6205210002	3937	02/28/22		6,000
1702210002	8883	09/30/22		<u>233,096</u>
				<u>\$401,021</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Condition, continued:

4. For thirty-six (or 60%), either the purchase orders, purchase requisitions, and/or contracts were not provided.

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting</u>		<u>Amount and Questioned Costs</u>
		<u>Journal</u>	<u>Effective Date</u>	
6202210003	2013	07/15/22		\$ 520
6202210021	1719	12/27/21		2,500
2701210003	4222	06/27/22		3,000
6205210005	121	10/07/21		4,000
1702210002	341	04/04/22		4,973
2701210012	1315	08/08/22		6,500
8830210002	3113	11/30/21		17,812
2701210007	180	07/01/22		25,000
5101210001	1663	09/12/22		29,277
1709210001	2041	09/13/22		32,890
8830210002	3867	02/08/22		39,177
8834210001	4358	04/30/22		44,612
1709210001	10725	09/30/22		65,960
8899210004	5704	08/31/22		100,000
8830210002	3072	12/10/21		112,939
8899210033	467	12/06/21		150,000
AR88990006	5674	06/30/22		164,965
8899210033	468	12/06/21		180,000
AR88990006	11154	09/30/22		208,125
8899210030	790	01/19/22		214,512
1702210002	207	10/14/21		248,256
8899210032	5286	06/30/22		250,000
2701210007	3104	11/10/21		259,832
AR88990006	2005	06/10/22		359,460
AR88990006	5671	06/30/22		378,130

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Amount and Questioned Costs</u>
1709210001	697	02/04/22	458,607
AR88990006	754	06/03/22	481,203
2701210010	3101	11/10/21	488,965
1702210002	9805	09/30/22	600,000
1702210002	189	01/07/22	744,768
1702210002	2291	01/31/22	744,768
1702210002	3565	05/24/22	954,624
2701210008	3103	11/10/21	1,467,519
AR88990002	5645	08/30/22	1,500,000
AR88990002	3681	08/22/22	1,500,000
6202210007	5544	09/27/22	<u>500</u>
			<u>\$11,843,394</u>

5. For two (or 3%), contracts did not include the required contract clauses pursuant to 2 CFR 200.237. No questioned costs are presented as the extent of noncompliance could not be quantified.

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>FY2022 Expenditures</u>
2609210001	9661	09/30/22	\$ 40,425
5101210001	11548	09/30/22	<u>200,116</u>
			<u>\$240,541</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Condition, continued:

6. For sixty (or 100%) expenditures tested, no documentation was provided to indicate that minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms were considered during the solicitation or vendor selection process and/or whether procurement were divided or delivery schedules were established to encourage participation by these businesses, pursuant to 2 CFR 200.321. Further, documentation that organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce were utilized and/or whether a contractor was required to apply this section to subcontracts, were also not provided. No questioned costs are presented as the extent of noncompliance could not be quantified.

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal</u>		<u>Amount</u>
		<u>Effective Date</u>		
6207210001	2280	04/20/22		\$ 130
6202210003	2013	07/15/22		520
1704210001	7024	09/30/22		900
6205210002	6622	09/30/22		1,357
2701210003	1568	08/08/22		1,854
6202210021	1719	12/27/21		2,500
2701210003	4222	06/27/22		3,000
6205210005	121	10/07/21		4,000
1702210002	341	04/04/22		4,973
6205210002	3937	02/28/22		6,000
2701210012	1315	08/08/22		6,500
6205210002	8102	09/30/22		7,949
2701210012	3590	05/24/22		9,067
2701210012	7436	09/23/22		9,945
8814210001	7753	09/30/22		11,726
2610210001	7233	09/30/22		14,775
8830210002	3113	11/30/21		17,812
1801210002	4669	09/20/22		21,500

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Amount</u>
2701210007	180	07/01/22	25,000
5101210001	1663	09/12/22	29,277
1709210001	2041	09/13/22	32,890
8830210002	3867	02/08/22	39,177
2609210001	9661	09/30/22	40,425
1901210001	4169	06/27/22	40,999
8834210001	4358	04/30/22	44,612
1704210001	6359	09/30/22	45,940
2601210001	766	06/01/22	49,075
2701210012	6083	05/31/22	51,725
1501210002	3743	04/22/22	54,000
2690210001	2628	03/15/22	58,500
1709210001	10725	09/30/22	65,960
6207210001	234	11/03/21	75,800
2701210012	4413	07/31/22	88,700
8899210004	5704	08/31/22	100,000
8830210002	3072	12/10/21	112,939
8899210033	467	12/06/21	150,000
AR88990006	5674	06/30/22	164,965
8899210033	468	12/06/21	180,000
5101210001	11548	09/30/22	200,116
AR88990006	11154	09/30/22	208,125
8899210030	790	01/19/22	214,512
1702210002	8883	09/30/22	233,096
1702210002	207	10/14/21	248,256
8899210032	5286	06/30/22	250,000
2701210007	3104	11/10/21	259,832

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Amount</u>
AR88990006	2005	06/10/22	359,460
AR88990006	5671	06/30/22	378,130
1709210001	697	02/04/22	458,607
AR88990006	754	06/03/22	481,203
2701210010	3101	11/10/21	488,965
1702210002	9805	09/30/22	600,000
1702210002	189	01/07/22	744,768
1702210002	2291	01/31/22	744,768
1702210002	3565	05/24/22	954,624
2701210008	3103	11/10/21	1,467,519
AR88990002	5645	08/30/22	1,500,000
AR88990002	3681	08/22/22	1,500,000
2604210001	5076	08/30/22	240
6202210007	5544	09/27/22	500
2701210012	3777	07/28/22	760
			<u>\$12,867,973</u>

Cause:

1. CNMI does not use the same policies and procedures for procurements under a federal award as with procurements from its non-federal funds under the small purchases method.
2. The CNMI's procurement regulations are not in accordance with 2 CFR Section 200.317 and 31 CFR Section 19.300 of the Code of Federal Regulations.
3. The CNMI did not meet the minimum requirement of three vendor quotations as required by § 70-30.3-220 *Small Purchases* for procurements that exceed \$10,000, but which are less than or equal to \$50,000.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Cause, continued:

4. Inadequate documentation and systematic filing of relevant documentation supporting program costs.
5. Lack of monitoring control procedures to ensure that minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are considered during the vendor selection process as required by 2 CFR 200.321.
6. Lack of monitoring control procedures to ensure that the minimum contract provision requirements pursuant to 2 CFR 200.327 are included in all contracts.

Effect:

The CNMI is in noncompliance with applicable procurement and suspension and debarment regulations and questioned costs of \$12,244,415 result for Conditions 3 and 4. Unknown questioned costs are presented for Conditions 1, 2, 5 and 6 as the extent of noncompliance, if any, could not be quantified. In addition, the CNMI could not provide a listing of transactions that were procured during FY2022.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$ Unknown
2	Unknown
3	401,021
4	11,843,394
5	Unknown
6	<u>Unknown</u>
	<u>\$12,244,415</u>

Identification as a Repeat Finding: Finding No. 2021-032

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency: U.S. Department of 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: \$12,244,415

Recommendation:

1. The CNMI should revisit its procurement regulations and consider updating applicable sections of the regulations to comply with federal regulations governing federal funds.
2. Responsible CNMI personnel should periodically monitor updates in federal regulations over procurement and suspension and debarment.
3. Establish and implement effective monitoring controls over the verification of excluded or disqualified persons or vendors pursuant to 31 CFR Section 19.300, prior to the CNMI entering into a covered transaction.
4. Responsible CNMI personnel should ensure compliance with its procurement regulations, particularly to those pertaining to small purchases that exceed the \$10,000 threshold.
5. Establish and maintain effective systematic filing of relevant documentation to support program costs and for easier retrieval.

Views of Responsible Officials:

Conditions 1 and 3 - The Procurement Services Division agrees with this finding. The Division will revise CNMI's procurement regulations to ensure alignment with federal procurement standards as outlined in 2 CFR Part 200, particularly the small purchase threshold requirements and competitive procurement procedures.

Conditions 2 and 5 - The Procurement Services Division agrees with this finding. To address the lack of consistent verification of vendor eligibility under federal debarment and suspension requirements (2 CFR §180.300), a policy will be implemented requiring all agencies to submit debarment verification documentation at the time of vendor selection. Acceptable documentation may include (1) a printout or screenshot from the SAM.gov Exclusions database, confirming that the vendor is not debarred or suspended, (2) a signed certification from the vendor attesting to their eligibility, or (3) a signed contract clause or provision that explicitly states the vendor is not excluded from federal transactions and complies with applicable debarment regulations.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-029, continued

Federal Agency:	U.S. Department of 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:	\$12,244,415

Views of Responsible Officials, continued:

Conditions 4 and 6 - The Procurement Services Division disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the Division maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Conditions 4 and 6 - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-030

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: Reporting
Questioned Costs: \$-0-

Criteria:

In accordance with the U.S. Treasury Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds and the April 2022 Compliance Supplement, States and U.S. territories are required to submit the following reports:

1. The initial quarterly Project and Expenditure Report covering three calendar quarters from March 3, 2021 to December 31, 2021 was required to be submitted to the U.S. Treasury by January 31, 2022. The subsequent quarterly reports covering one calendar quarter must be submitted to the U.S. Treasury by the last day of the month following the end of the period covered.
2. The Annual Recovery Plan Performance Reports covering a 12-month period are required to be submitted to the U.S. Treasury after the end of the 12-month period, by July 31 of each year.

In addition, recipients must upload the uniform resource locator (URL) link to the publicly available Annual Recovery Plan Performance Report and provide required data within the U.S. Treasury’s reporting portal. Further, the public URL disclosure link must be prominently displayed on the main page or the main COVID response page of the recipient’s website.

Condition:

1. The following Project and Expenditure reports that were due for submission during the CNMI’s fiscal year ended September 30, 2022, were not submitted:

<u>Period Covered</u>	<u>Due Dates</u>
Three calendar quarters from 03/03/2021 to 12/31/2021	01/31/22
01/01/2022 to 03/31/2022	04/30/22
04/01/2022 to 06/30/2022	07/31/22

2. 2022 Annual Recovery Plan Performance Report was submitted on August 9, 2022, which was after the July 31, 2022 due date.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-030, 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: Reporting
Questioned Costs: \$-0-

Condition, continued:

3. The URL link for the 2022 Annual Recovery Plan Performance Report on CNMI’s website is not prominently displayed on the main page and the CNMI’s website also doesn’t have a main COVID response page. The URL link to the report is instead located within the “Forms” section of the main page.

Cause:

Management lacked new processes to extract the necessary data to submit the Project and Expenditure Report after its transition from its legacy JD Edwards financial system to the Tyler Munis Financial Management Information System (FMIS) effective October 1, 2021. In addition, the CNMI does not have a suitably designed internal control process in place to prevent or detect material noncompliance over reporting compliance requirements.

Effect:

The CNMI is in noncompliance with the Quarterly Project and Expenditure and the Annual Recovery Plan Performing reporting requirements.

Recommendation:

CNMI should establish and implement a suitably designed internal control processes to prevent or detect material noncompliance over reporting compliance requirements, which should include review, approval and monitoring internal control procedures. In addition, the CNMI should submit all required reports by the due dates.

Further, the CNMI should prominently display the public URL disclosure link for the Annual Recovery Plan Performance Reports on its main website page or establish a main COVID response page, in accordance with the Public Disclosure Link requirement.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-030, 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:	Reporting
Questioned Costs:	\$-0-

Views of Responsible Officials:

The Department of Finance agrees with this finding. It is important to note that the issue occurred during FY2022, a period marked by the transition from the legacy financial system (JDE) to the new Tyler Munis platform. During this time, processes for retaining and reconciling supporting documents had not been standardized, resulting in inconsistencies and a heightened risk of missing or improperly uploaded records.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031

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: Subrecipient Monitoring
Questioned Costs: \$61,003,095

Criteria:

Per the U.S. Treasury Interim and Final Rules, the U.S. Treasury is aligning the definition of subrecipient in the final rule with the definition of subrecipient in the Uniform Guidance, wherein, subrecipients are entities that receive a subaward from a recipient to carry out a program or project on behalf of the recipient with the recipient's Federal award funding but does not include an individual that is a beneficiary of such award. The recipient remains responsible for monitoring and overseeing the subrecipient's use of Fiscal Recovery Funds and other activities related to the award to ensure that the subrecipient complies with the statutory and regulatory requirements and the terms and conditions of the award. Recipients also remain responsible for reporting to Treasury on their subrecipients' use of payments from the Fiscal Recovery Funds for the duration of the award.

Accordingly, in accordance with 2 CFR § 200.332, pass-through entity (PTE) must:

1. Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the information provided below. A PTE must provide the best available information when some of the information below is unavailable. A PTE must provide the unavailable information when it is obtained. One of the required information includes:
 - (1) Federal award identification:
 - (i) Subrecipient's unique entity identifier;
 - (ii) Federal Award Identification Number (FAIN);
 - (iii) Subaward Period of Performance Start and End Date;
 - (iv) Subaward Budget Period Start and End Date;
 - (v) Amount of Federal Funds Obligated in the subaward;
 - (vi) Total Amount of Federal Funds Obligated to the subrecipient by the PTE, including the current financial obligation;

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Criteria, continued:

- (vii) Total Amount of Federal Funds Obligated to the subrecipient by the PTE, including the current financial obligation; and
 - (viii) Assistance Listings title and number; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at the time of disbursement.
- (2) All requirements of the subaward, including requirements imposed by Federal statutes, regulations, and the terms and conditions of the Federal award;
 - (3) Any additional requirements that the pass-through entity imposes on the subrecipient for the pass-through entity to meet its responsibilities under the Federal award. This includes information and certifications (see § 200.415) required for submitting financial and performance reports that the pass-through entity must provide to the Federal agency;
 - (4) A requirement that the subrecipient permit the pass-through entity and auditors to access the subrecipient's records and financial statements for the pass-through entity to fulfill its monitoring requirements; and
 - (5) Appropriate terms and conditions concerning the closeout of the subaward.
2. Evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring described in paragraph (f) of this section. When evaluating a subrecipient's risk, a PTE should consider the following:
- (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits. This includes considering whether or not the subrecipient receives a Single Audit in accordance with subpart F and the extent to which the same or similar subawards have been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of any Federal agency monitoring (for example, if the subrecipient also receives Federal awards directly from the Federal agency).

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Criteria, continued:

3. Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The PTE is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a PTE must:
 - (1) Review financial and performance reports.
 - (2) Ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward. Significant developments include Single Audit findings related to the subaward, other audit findings, site visits, and written notifications from a subrecipient of adverse conditions which will impact their ability to meet the milestones or the objectives of a subaward. When significant developments negatively impact the subaward, a subrecipient must provide the pass-through entity with information on their plan for corrective action and any assistance needed to resolve the situation.
 - (3) Issue a management decision for audit findings pertaining only to the Federal award provided to the subrecipient from the PTE as required by §200.521.
 - (4) Resolve audit findings specifically related to the subaward. However, the PTE is not responsible for resolving cross-cutting audit findings that apply to the subaward and other Federal awards or subawards. If a subrecipient has a current Single Audit report and has not been excluded from receiving Federal funding (meaning, has not been debarred or suspended), the PTE may rely on the subrecipient's cognizant agency for audit or oversight agency for audit to perform audit follow-up and make management decisions related to cross-cutting audit findings in accordance with section § 200.513(a)(4)(viii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.
4. Verify that a subrecipient is audited as required by subpart F.
5. Consider whether the results of a subrecipient's audit, site visits, or other monitoring necessitate adjustments to the pass-through entity's records.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Criteria, continued:

Further, in accordance with 31 CFR § 19.300, prior to entering into subawards with award funds, recipients must verify that such subrecipients are not suspended, debarred, or otherwise excluded from receiving federal funds.

Condition:

1. Of seventeen subrecipients tested, aggregating \$60,403,095 of a total population of \$61,003,095, the following were noted:
 - a. For seventeen (or 100%), documentations of the risk assessments performed and verification as to whether the subrecipients are not suspended or debarred were not provided.

<u>Award Date</u>	<u>Award Number / Reference Number</u>	<u>FY2022 Expenditures and Questioned Costs</u>
10/29/21	CNMI22002	\$ 5,038,368
11/24/21	CNMI22005	1,484,296
12/03/21	SFM 2022-036	7,500,000
08/11/22	SFM 2022-147	9,000,000
12/21/21	Ref. No. 12-21-030	2,045,350
02/25/22	IRP22-017	2,000,000
08/05/22	CNMI22037	21,456,911
Unknown	NMPMG	5,454,390
09/23/22	CNMI22044	2,063,331
03/02/22	MOU	1,200,037
10/01/21	SFM 2022-027	990,000

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Condition, continued:

<u>Award Date</u>	<u>Award Number / Reference Number</u>	<u>FY2022 Expenditures and Questioned Costs</u>
Unknown	COVID-19 Care Force Project	1,335,000
07/22/22	3818	151,500
07/19/22	2300	199,912
03/31/22	CNMI220022	200,000
04/11/22	1643	233,000
07/22/22	3819	<u>51,000</u>
		<u>\$60,403,095</u>

- b. For two (or 12%), subrecipient agreements were not provided. No questioned costs are presented as amounts are questioned at Condition 1a.

<u>Award Date</u>	<u>Award Description</u>	<u>FY2022 Expenditures</u>
Unknown	NMPMG	\$5,454,390
Unknown	COVID-19 Care Force Project	<u>1,335,000</u>
		<u>\$6,789,390</u>

- c. For two (or 12%), subrecipients' unique entity identifiers, the federal award identification numbers (FAIN), amounts of federal funds obligated by this action by the PTE to the subrecipients, total amount of federal funds obligated to the subrecipients by the PTE, including the current financial obligations and the appropriate terms and conditions concerning the closeout of the subawards, were not included in the subrecipient agreements. No questioned costs are presented as amounts are questioned at Condition 1a.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Condition, continued:

<u>Award Date</u>	<u>Award Number</u>	<u>FY2022 Expenditures</u>
08/05/2022	CNMI22037	\$21,456,911
09/23/2022	CNMI22044	<u>2,063,331</u>
		<u>\$23,520,242</u>

- d. For ten (or 59%), subawards were supported with financial assistance request letters from the subrecipients and not with a subaward agreement that CNMI utilizes for other subawards. Accordingly, other than the date of request, amount requested and purpose of the financial assistance, all other required subaward information pursuant to 2 CFR § 200.332, were not indicated. No questioned costs as amounts are questioned at Condition 1a.

<u>Award Date</u>	<u>Award Number / Reference Number</u>	<u>FY2022 Expenditures</u>
12/03/21	SFM 2022-036	\$ 7,500,000
08/11/22	SFM 2022-147	9,000,000
12/21/21	Ref. No. 12-21-030	2,045,350
02/25/22	IRP22-017	2,000,000
03/02/22	MOU	1,200,037
10/01/21	SFM 2022-027	990,000
07/22/22	3818	151,500
07/19/22	2300	199,912
04/11/22	1643	233,000
07/22/22	3819	<u>51,000</u>
		<u>\$23,370,799</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Condition, continued:

- e. For one (or 6%), no monitoring procedures were performed. No questioned cost is presented as the amount is questioned at Condition 1a.

<u>Award Date</u>	<u>Award Number</u>	<u>Award Amount</u>	<u>FY2022 Expenditures</u>
09/23/2022	CNMI22044	\$ 11,000,000	\$2,063,331

2. Of sixteen subrecipient monitoring procedure requirements tested, aggregating \$58,537,352 of a total population of \$58,537,352, for sixteen (or 100%), documentation on monitoring procedures performed were not provided. In addition, documentation of preventive measures taken to mitigate risk from subrecipients that showed elevated risk factors or for identified unallowable activities were not documented and no verification as to whether the subrecipients are subject to the audit requirements.

<u>Award Date</u>	<u>Award Number / Reference Number</u>	<u>FY2022 Expenditures and Questioned Costs</u>
10/29/21	CNMI22002	\$ 5,038,368
11/24/21	CNMI22005	1,484,296
12/03/21	SFM 2022-036	7,500,000
08/11/22	SFM 2022-147	9,000,000
12/21/21	Ref. No. 12-21-030	2,045,350
02/25/22	IRP22-017	2,000,000
08/05/22	CNMI22037	21,456,911
Unknown	NMPMG	5,454,390
03/02/22	MOU	1,200,037
10/01/21	SFM 2022-027	990,000
03/31/22	CNMI220022	200,000
Unknown	COVID-19 Care Force Project	1,335,000
03/29/22	5302	200,000

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Condition, continued:

<u>Award Date</u>	<u>Award Number / Reference Number</u>	<u>FY2022 Expenditures and Questioned Costs</u>
Unknown	2845/183	200,000
04/11/22	1643	233,000
Unknown	315/2813	<u>200,000</u>
		58,537,352
Less amounts questioned at Condition 1a for Award Numbers / Reference Numbers CNMI22002, CNMI22005, SFM 2022-036, SFM 2022-147, Ref. No. 12-21-030, IRP22-017, CNMI22037, NMPMG, MOU, SFM 2022-027, CNMI220022, COVID-19 Care Force Project and 1643		<u>(57,937,352)</u>
		<u>\$ 600,000</u>

3. Of sixty monitoring procedure requirements tested at the invoice/disbursement level, aggregating \$58,438,922 of a total population of \$61,003,095, the following were noted:
 - a. For six (or 10%), review and approval of invoices and/or payments to ensure that subrecipients used the subaward for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subawards, were not evident. No questioned costs are presented as expenditures pertain to subawards that were questioned at Condition 1a for Award Numbers CNMI22037 and COVID-19 Care Force Project.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
8813210002	12/20/21	2246	\$200,000
8899210023	03/29/22	5301	800,000
8899210033	05/13/22	1883	80,000

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
8899210033	06/10/22	2073	700,000
8899210033	02/23/22	1691	235,000
8813210002	03/03/22	2240	<u>45,000</u>
			<u>\$2,060,000</u>

- b. For twenty-four (or 40%), either the check payments and/or invoices or equivalent documentations were not provided; accordingly, the CNMI was not able to substantiate that monitoring procedures were performed to ensure that subrecipients used the subaward for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subawards. No questioned costs are presented as expenditures pertain to subawards that were questioned at Condition 1a for Award Numbers NMPMG, CNMI 22037, CNMI22044 and COVID-19 Care Force Project and at Condition 2 for Award Reference Number 5302.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
8813210002	11/21/21	1255	\$ 188,821
SFM 2022-036	12/03/21	250	7,500,000
SFM 2022-147	08/11/22	2048	9,000,000
8813210002	11/18/21	1089	289,950
8813210002	11/18/21	2124	800,000
8813210002	11/21/21	1255	180,000
8813210002	11/29/21	2085	600,000
8813210002	12/09/21	1370	289,950
8813210002	12/09/21	1371	503,018
8813210002	01/25/22	1202	289,950
8813210002	02/01/22	247	500,000
8813210002	02/16/22	802	45,000

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Condition, continued:

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount</u>
8813210002	04/30/22	4352	356,600
8813210002	08/01/22	52	10,000
8813210002	08/05/22	720	20,000
8899210023	01/11/22	578	800,000
8899210023	05/09/22	1000	600,240
8899210023	07/07/22	374	449,000
8899210031	09/16/22	3478	63,331
8899210034	01/06/22	183	110,000
AR88990003	03/29/22	5302	200,000
AR88990003	07/22/22	3818	151,500
8813210002	02/09/22	796	250,000
8899210033	04/11/22	1928	<u>240,000</u>
			<u>\$23,437,360</u>

Cause:

The CNMI does not have approved/adopted written subrecipient monitoring policies and procedures. In addition, the CNMI failed to enforce compliance with subrecipient monitoring requirements and lacks monitoring controls over the following:

1. Monitoring activities of a subrecipient to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward;
2. Adequate documentation and systematic filing of relevant documentation supporting program costs.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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: \$61,003,095

Cause, continued:

In addition, for award number CNMI22044, the Entity’s management has determined that it should be classified as a contractor under the agreement as the Entity’s role is to promote the program within the CNMI, develop a marketing and promotional campaign and disburse the award to the recipients identified by the CNMI. The Entity was not involved in reviewing and deciding which grant applicant is eligible to receive the grant. CNMI’s role in the review of grant applications and eligibility determination may have caused confusion as to whether the Entity that received the funds is a subrecipient or a contractor. As of the auditor’s report date, the CNMI and the Entity have yet to conclude whether the Entity received the funds in the role of a subrecipient or a contractor.

Effect:

The CNMI is in noncompliance with applicable subrecipient monitoring requirements and questioned costs of \$61,003,095 for Condition 1.

<u>Condition</u>	<u>Questioned Costs</u>
1a	\$60,403,095
2	<u>600,000</u>
	<u>\$61,003,095</u>

Identification as a Repeat Finding: Finding No. 2021-033

Recommendation:

We recommend the CNMI establish approved/adopted written subrecipient monitoring policies and procedures and an approved template that includes all required clauses needed for subrecipient agreements. In addition, CNMI should implement monitoring internal control procedures over the following:

1. Preventive measures taken to mitigate risk from subrecipients that showed elevated risk factors or for identified unallowable activities are adequately documented.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-031, 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:	\$61,003,095

Recommendation, continued:

2. Verification that subrecipients are audited as required by subpart F;
3. Monitoring activities of a subrecipient to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward;
4. Provide subrecipients with training and technical assistance on program-related matters, including thorough explanation of their role as subrecipients;
5. Adequate documentation and systematic filing of relevant documentation to support program costs.

Views of Responsible Officials:

Conditions 1 to 3 - The Department of Finance agrees with this finding. The Department has recently adopted and approved (August 2025) a Subrecipient Monitoring Policy and Procedures which specifically focused on the implementation of 2 CFR 200.331.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-032

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award No.: COVID-19
 G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
 Area: Eligibility
 Questioned Costs: \$43,100

Criteria:

In accordance with 45 CFR §98.21(a), the lead agency shall redetermine a child's eligibility for childcare services no sooner than 12 months following the initial determination or most recent redetermination. As stated in Section 3.1.8 of the FY 2022 State Plan, to be eligible for childcare services, applicants must meet the following requirements, among others:

- Applicant’s identity (parent or guardian) should be verified using valid identification such as a current and valid photo ID (i.e., CNMI driver’s license, mayor’s ID, or passport); and
- If the parent qualifies under work, as an approved activity the required documents include a current and valid CW work permit.

Further, based on Section 4.3.1 of the FY 2022 State Plan, the calculation of the base payment rates applicable to each eligible child is based on their age, and the rates applied to the child depends on the age bracket they fall under.

Condition:

Of sixty applicants tested, the following were noted:

1. For five (or 8%), CNMI’s documentation for valid work permits for the following applicants who are non-U.S. citizens were expired prior to the beginning of their eligibility period.

<u>Case ID</u>	<u>Certification Effective Dates</u>	<u>Valid Period of Work Permits</u>	<u>Amount and Questioned Costs</u>
2827 C	12/2019 to 9/30/2022	12/12/2018 to 10/11/2019	\$ 4,800
2528 C	12/2019 to 9/30/2022	10/1/2018 to 10/10/2019	4,800
2936 A	12/2019 to 4/30/2022	10/1/2018 to 10/10/2019	4,800
2528 B	12/2019 to 9/30/2022	10/1/2018 to 10/10/2019	4,000
3062 D	10/1/2020 to 9/30/2022	3/12/2020 to 6/29/2020	<u>2,800</u>
			<u>\$21,200</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-032, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award No.: COVID-19
 G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
 Area: Eligibility
 Questioned Costs: \$43,100

Condition, continued:

- For two (or 3%), CNMI’s documentation for valid work permits for the following applicants who are non-U.S. citizens before eligibility period would begin were not on file.

<u>Case ID</u>	<u>Certification Effective Dates</u>	<u>Benefits Paid and Questioned Costs</u>
2875 C	12/1/2020 to 9/30/2022	\$ 6,000
3209 A	10/1/2020 to 9/30/2022	<u>4,800</u>
		<u>\$10,800</u>

- For two (or 3%), CNMI made inconsistent payments to the provider.

<u>Case ID</u>	<u>Certification Effective Dates</u>	<u>Benefits Paid</u>	<u>Amount and Questioned Costs</u>
3324 B	6/1/2021 to 9/30/2022	\$5,200	\$ 5,200
3418 A	9/2021 to 8/31/2022	\$5,900	<u>5,900</u>
			<u>\$11,100</u>

Cause:

The CNMI failed to adhere to the CCDF State Plan requirements of the required documents to support the applicant’s eligibility. In addition, the CNMI was inconsistent in applying the approved payment rates payable to the providers.

Effect:

The CNMI is in noncompliance with applicable eligibility requirements and questioned costs of \$43,100.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-032, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.489/93.575/93.596 CCDF Cluster
Federal Award No.: COVID-19
G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
Area: Eligibility
Questioned Costs: \$43,100

Effect, continued:

<u>Condition</u>	<u>Questioned Costs</u>
1	\$21,200
2	10,800
3	<u>11,100</u>
	<u>\$43,100</u>

Identification as a Repeat Finding: 2021-034

Recommendation:

The CNMI should strengthen and enforce compliance with applicable eligibility requirements. Responsible personnel should utilize the application checklist and review it against the applicant's files to verify all required forms and information are completed, valid, and filed accordingly. Responsible personnel should also review and monitor the child's birth date to verify that the payments are paid accordingly based on the child's age.

Views of Responsible Officials:

Conditions 1 and 2 - CCDF agrees with this finding. To address this finding, effective October 2025, CCDF will not approve applicant(s) Certificate of Confirmation without a current and valid work permit.

Condition 3 - CCDF agrees with this finding. For Case ID 3324B, total overpayment to provider was \$300. CCDF will recoup the amount from the provider no later than December 2025.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-033

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award No.: 2001MPCCDF/G-1802MPCCDF/
 G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
 Area: Special Tests and Provisions - Health and Safety Requirements
 Questioned Costs: \$1,757,352

Criteria:

In accordance with the April 2022 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 childcare 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, as per the FY2022 CCDF State Plan, all CCDF providers are visited or monitored at least twice a year for one (1) unannounced and one (1) announced visits. Licensed providers are monitored by the Safety Inspector from the Child Care Licensing Program, and the License-exempt family, friend, or neighbor providers are monitored by a CCDF contractor. Follow-up visits for compliance are scheduled if needed.

Condition:

Of twelve providers tested, aggregating \$1,757,352 of a total population of \$8,563,055, the following were noted:

1. For eleven (or 92%), CNMI did not have adequate documentation that providers who received benefits were monitored through unannounced inspections during FY2022.

<u>Providers</u>	<u>Amount and Questioned Costs</u>
6	\$ 24,000
8	449,962
19	3,933
31	14,525
33	651,910
36	308,731
37	9,600
39	4,800
43	244,018
44	4,000
46	<u>17,925</u>
	<u>\$1,733,404</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-033, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award No.: 2001MPCCDF/G-1802MPCCDF/
 G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
 Area: Special Tests and Provisions - Health and Safety Requirements
 Questioned Costs: \$1,757,352

Condition, continued:

2. For seven (or 58%), CNMI did not provide documentation supporting the providers' completion of the training requirements.

<u>Provider</u>	<u>Amount and Questioned Costs</u>
5	\$ 23,948
6	24,000
19	3,933
31	14,525
37	9,600
39	4,800
46	<u>17,925</u>
	98,731
Less amounts questioned at Condition 1 for Providers 6, 19, 31, 37, 39 and 46	<u>(74,783)</u>
	<u>\$ 23,948</u>

Cause:

1. Of the multiple inspections performed, CNMI did not document as to whether any of those inspections were for unannounced inspection.
2. Lack of monitoring control procedures over provider training requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-033, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.489/93.575/93.596 CCDF Cluster
 Federal Award No.: 2001MPCCDF/G-1802MPCCDF/
 G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
 Area: Special Tests and Provisions - Health and Safety Requirements
 Questioned Costs: \$1,757,352

Effect:

The CNMI is in noncompliance with applicable special tests and provisions for the health and safety requirements and questioned costs of \$1,757,352.

Condition Questioned Costs

1	\$1,733,404
2	<u>23,948</u>
	<u>\$1,757,352</u>

Identification as a Repeat Finding: 2021-035

Recommendation:

CNMI should strengthen and enforce compliance with special tests and provisions for the health and safety requirements over the following:

1. Implement more stringent adherence to the provisions set forth in the State Plan to ensure proper monitoring of providers who are granted eligibility.

Views of Responsible Officials:

Condition 1 - CCDF disagrees with this finding. In the middle of the fiscal year, the CCDF Program transitioned to have the Quality Rating and Improvement System (QRIS) perform the announced and unannounced visits. To allow the complete transition of the CCDF Certification and monitoring system, as independent from the Child Care Licensing Program, CCDF extended all expiration dates of CCDF Providers for an additional two months. This extension was given to all CCDF providers renewing from April 2022 to December 31, 2022. With the transition, CCDF allowed for providers to meet provider requirements in a year and were only subjected to an announced visit. Any non-compliance was noted, but supported to compliance through coaching. Effective October 1, 2022, all CCDF Providers are now subjected to announced and unannounced visits.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-033, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.489/93.575/93.596 CCDF Cluster
Federal Award No.: 2001MPCCDF/G-1802MPCCDF/
G-1901MPCCDD/2001MPCCC3/2101MPCCDF/2101MPCCC5
Area: Special Tests and Provisions - Health and Safety Requirements
Questioned Costs: \$1,757,352

Views of Responsible Officials, continued:

Condition 2 - CCDF disagrees with this finding. Based on our records, all providers met the annual training hours.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 1 - In accordance with CCDF's State Plan that was in effect in FY2022 and as also confirmed by the CCDF Director/Administrator, all providers are subject to a minimum of one unannounced visit in a year. Documentation of the flexibility of temporarily suspending the unannounced visit requirement, as set forth in the State Plan, was not provided.

Condition 2 - Documentation substantiating that providers met the annual training hours were not provided.

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-034

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.767 Children’s Health Insurance Program
 Federal Award No.: 7510515 & 7520515
 Area: Activities Allowed or Unallowed
 Allowable Costs/Costs Principles
 Questioned Costs: \$1,182,511

Criteria:

Federal Financial Participation (FFP) funds can be used only for Children’s Health Insurance Program (CHIP) benefit payments (as specified in the state plan, federal regulations, or an approved waiver/demonstration). Payments may only be made to providers determined by the State Medicaid Agency (SMA) to be eligible to participate in the Medicaid program.

To be allowable, costs for medical services must be (1) covered by the state plan or the Centers for Medicare and Medicaid Services (CMS) approved waivers/demonstrations; (2) reviewed by the state consistent with the state’s documented procedures and system for determining medical necessity of claims; (3) properly coded; and (4) paid at the rate allowed by the state plan. Further, costs must be net of beneficiary cost-sharing obligations and applicable credits (e.g., insurance, recoveries from other third parties who are responsible for covering the costs, and drug rebates), paid to eligible providers, and only provided on behalf of eligible individuals.

Condition:

Of forty expenditures tested, aggregating \$5,561,709 of a total population of \$8,738,788, the following were noted:

1. For thirteen (or 33%), billing rates were not provided: accordingly, the CNMI was not able to substantiate that the invoices were paid in correct amounts.

<u>Project Number</u>	<u>Document Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Case Number</u>	<u>Amount and Questioned Costs</u>
8803210011	MHSHC CHIP 22-01	03/08/2022	2057	1301529441	\$1,495
8803210011	MHSHC CHIP 22-06	03/08/2022	2057	1301529441	1,692
8803210011	MEIG21-34	12/23/2021	1702	1200197213	520
8803210011	MEIGCC-211	12/23/2021	1702	1202091000CC	520
8803210011	MPL CHIP 22-01	12/22/2021	2066	1501579001	770
8803210011	BP CHIP22-03	02/16/2022	889	1401349300	413
8803210011	MEIM CHIP22-06	02/24/2022	1976	1302164900	633
8803210011	MEIM CHIP22-07	02/24/2022	1976	2000185300	625
8803210011	CDCHIP22-G11	05/03/2022	799	1203199300	183

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-034, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.767 Children’s Health Insurance Program
 Federal Award No.: 7510515 & 7520515
 Area: Activities Allowed or Unallowed
 Allowable Costs/Costs Principles
 Questioned Costs: \$1,182,511

Condition, continued:

<u>Project Number</u>	<u>Document Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Case Number</u>	<u>Amount and Questioned Costs</u>
8803210011	CDCHIP22-G12	05/03/2022	799	1203151500	313
8803210011	SDACHIP22-E0	01/06/2022	622	1103075400	112
8803210011	SDACHIP22-E0	01/06/2022	622	1591556200	1,613
8803210011	MHSHCCCHIP22-07	05/18/2022	3466	1301529411	<u>2,108</u>
					<u>\$10,997</u>

2. For three (or 8%), applicants are under the presumptive program; however, CHIP funding was used to pay for the applicants’ benefits. In addition, the child for Case Number PE-CHC-20-11749 was over 19 years old, which was over the age limit of 19 years old and below.

<u>Case Number</u>	<u>Total FY2022 Benefits Paid and Questioned Cost</u>
PE-CHC206822	\$572,957
PE-CHC-20-11749	257
PE-CHC-20-22401	<u>198</u>
	<u>\$573,412</u>

3. A variance of \$598,102 between the benefits payment listing and the program’s expenditures detail report was noted. A reconciliation of the variance was not provided, for which the amount is questioned as amount charged to the program is in excess of the benefits payment listing.

<u>Per Benefits Payment Listing</u>	<u>Per Program’s Expenditure Detail Report</u>	<u>Variance and Questioned Costs</u>
\$ 8,140,686	\$8,738,788	\$598,102

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-034, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.767 Children’s Health Insurance Program
Federal Award No.: 7510515 & 7520515
Area: Activities Allowed or Unallowed
Allowable Costs/Costs Principles
Questioned Costs: \$1,182,511

Cause:

1. CNMI did not provide sufficient and appropriate audit evidence to assist the auditors during the fieldwork.
2. Per the April 2022 Compliance Supplement, presumptive eligibility (PE) is a state option to facilitate enrollment and immediate access to services for children who are likely eligible for CHIP without having to wait for a full application to be processed. CNMI opted not to use its CHIP funding for recipients under the presumptive program.
3. The CNMI did not effectively monitor program costs to ensure CHIP funding is not used to cover benefits for those applicants under the presumptive program.
4. Lack of reconciliation between recorded program expenditures and the benefits payment listing.

Effect:

CNMI is in noncompliance with applicable allowable costs/cost principles requirements and questioned costs of \$1,182,511 result.

Condition Questioned Costs

1	\$ 10,997
2	573,412
3	<u>598,102</u>
	<u>\$1,182,511</u>

Recommendation:

1. CNMI should maintain adequate documentation supporting program expenditures over the CHIP Program.
2. CNMI should strengthen and enforce effective monitoring control procedures over program costs.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-034, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.767 Children's Health Insurance Program
Federal Award No.: 7510515 & 7520515
Area: Activities Allowed or Unallowed
Allowable Costs/Costs Principles
Questioned Costs: \$1,182,511

Recommendation, continued:

3. Establish and implement monitoring control procedures over the reconciliation of recorded program expenditures against the benefit payment listing.

Views of Responsible Officials:

Condition 1 - CNMI Medicaid Office disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Condition 2 - CNMI Medicaid Office cannot confirm to agree or disagree with the findings stated, as the information references case numbers without sufficient supporting detail. The office does not operate a Medicaid Management Information System (MMIS) and therefore cannot automatically retrieve data to link case numbers with the total benefits paid or questioned costs. Additionally, two of the three case numbers provided are associated with multiple individuals. Even if the case numbers were accurate and beneficiary names included, the office would still need to identify the provider(s) associated with the payments in question.

Condition 3 - CNMI Medicaid Office disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-034, continued

Federal Agency:	U.S. Department of Health and Human Services
AL Program:	93.767 Children's Health Insurance Program
Federal Award No.:	7510515 & 7520515
Area:	Activities Allowed or Unallowed Allowable Costs/Costs Principles
Questioned Costs:	\$1,182,511

Auditor Response:

Condition 1 and 3 - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

Condition 2 - For case number PE-CHC206822, the excel benefits payment detail listing provided for the audit, contained provider references with corresponding case numbers and benefits payment, which was forwarded to the program's personnel on July 11, 2025. Similarly, the provider references with corresponding benefits payments for case numbers PE-CHC-20-11749 and PE-CHC-20-22401 can also be easily identified in the excel benefits payment detail listing being maintained by CNMI Medicaid.

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-035

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.767 Children’s Health Insurance Program
 Federal Award No.: 7510515, 7520515
 Area: Period of Performance
 Questioned Costs: \$38,556

Criteria:

1. A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)).
2. A non-federal entity must liquidate all financial obligations incurred under the federal award not later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the federal award (2 CFR section 200.344(b)).

Condition:

CNMI was unable to provide supporting documents (i.e. invoices, contracts, etc.) to support compliance with period of performance requirements for two (or 25%) of eight expenditures tested totaling \$2,105,155 of a total population of \$2,163,439.

<u>Project Number</u>	<u>Contract Date</u>	<u>Grant Date</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Check</u>	<u>Questioned Amount</u>
8803220004	10/01/21	10/01/21	1449	23000064	\$26,953
8803220004	10/21/21	10/01/21	577	23000061	<u>11,603</u>
					<u>\$38,556</u>

Cause:

CNMI lacks monitoring control over adequate documentation and systematic filing of relevant documentations supporting program costs.

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-035, continued

Federal Agency:	U.S. Department of Health and Human Services
AL Program:	93.767 Children's Health Insurance Program
Federal Award No.:	7510515, 7520515
Area:	Period of Performance
Questioned Costs:	\$38,556

Effect:

CNMI is in noncompliance with applicable period of performance requirements and questioned cost of \$38,556 result.

Recommendation:

CNMI should implement more stringent record-keeping mechanisms to ensure timely submission of audit documents upon request of the auditors used for the testing of compliance requirements.

Views of Responsible Officials:

The CNMI Medicaid Office disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-036

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.767 Children’s Health Insurance Program
 Federal Award No.: 7510515, 7520515
 Area: Reporting
 Questioned Costs: \$-0-

Criteria:

The Program is required to submit quarterly Federal Financial Reports (SF-425) and quarterly Statement of Expenditures (CMS-64) that are accurately presented, comparable and reconcilable, no later than 30 calendar days after the reporting period.

Condition:

1. Of two SF-425 reports tested, for one (or 50%), the total federal share of expenditures do not agree with the underlying accounting records, for which no supporting documentation was provided for the variance.

<u>Grant Number</u>	<u>Reporting Period End</u>	<u>Per SF-425</u>	<u>Underlying Accounting Records</u>	<u>Variance</u>
2105CQ5021	12/31/21	\$12,923,207	\$12,856,271	\$66,936

2. Of four CMS-64 reports tested, for one (or 25%), the total federal share of expenditures do not agree with the underlying accounting records, for which no supporting documentation was provided for the variance.

<u>Grant Number</u>	<u>Reporting Period End</u>	<u>Per CMS-64 Report</u>	<u>Underlying Accounting Records</u>	<u>Variances</u>
2105CQ5021	06/30/22	\$4,543,144	\$4,351,057	\$192,087

Cause:

CNMI did not effectively enforce compliance with applicable reporting requirements.

Effect:

The CNMI is in noncompliance with applicable reporting requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-036, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.767 Children's Health Insurance Program
Federal Award No.: 7510515, 7520515
Area: Reporting
Questioned Costs: \$-0-

Recommendation:

CNMI should strengthen and enforce compliance over the implementation of more stringent monitoring mechanisms to ensure reports are accurately presented and reconciled to the underlying accounting records.

Views of Responsible Officials:

Condition 1 - CNMI Medicaid Office disagrees with this finding. While CNMI Medicaid Office is not the designated entity for submitting SF-425 forms, we recognize the critical importance of these reports in the effective management of federal grant awards. To support overall compliance, the office will proactively coordinate with the submitting agency, the CNMI Department of Finance, by establishing stronger communication protocols. These will include scheduled reminders and regular check-ins with the assigned DOF representative to ensure SF-425 submissions are prioritized and completed ahead of quarterly reporting deadlines.

Condition 2 - CNMI Medicaid Office respectfully disagrees with this finding. It is unclear where the auditors obtained their reported figures. Based on CMA's records previously provided to the auditors, the CMS-64 reports and the accounting records agree, with only a \$2 difference due to rounding. This alignment is based on the CMS-64 for FY2022 third quarter, as last revised on October 21, 2022.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 1 - Reconciliation and/or underlying accounting records supporting the variances were not provided.

Condition 2 - Variances were discussed and were acknowledged by the program personnel; however, the program personnel requires more time to reconcile the variances with the underlying accounting records.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-037

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.767 Children’s Health Insurance Program
Federal Award No.: 7510515 & 7520515
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$7,932,110

Criteria:

Providers who have been barred from participation by the U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) exclusion list are not eligible to be enrolled in the CHIP program (42 CFR 457.990, 42 CFR 455 Subpart E).

Accordingly, in accordance with 42 Section 455.436 of Subpart E, the State Medicaid agency must do the following:

- a. Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases;
- b. Check the Social Security Administration's Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe;
- c. Consult appropriate databases to confirm identity upon enrollment and reenrollment; and
- d. Check the LEIE and EPLS no less frequently than monthly.

Condition:

For sixteen (or 100%), service providers tested, no procedures were performed to verify whether the providers are on the OIG exclusion list. No questioned costs are presented for Provider Number IR-117 as there were no payments made to the provider during FY2022.

<u>Provider Number</u>	<u>FY2022 Provider Payments and Questioned Costs</u>
IR-117	\$ ---
3R-049	22,484
3R-002	474,181
3R-030	134,362

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-037, continued

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.767 Children’s Health Insurance Program
Federal Award No.: 7510515 & 7520515
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$7,932,110

Condition, continued:

<u>Provider Number</u>	<u>FY2022 Provider Payments and Questioned Costs</u>
2R-050	429
3R-014	355,687
3R-062	384,822
3R-015	14,182
3R-016	8,309
3R-020	203,909
3R-040	52,085
3R-007, 3R-029, 3R-033, 3R-034	197,260
3R-035	3,478
1R-056	5,399,025
3R-005	448,917
3R-027-1	<u>232,980</u>
	<u>\$7,932,110</u>

Cause:

CNMI was not aware of the HHS OIG exclusion verification requirement, including the availability of the HHS OIG exclusion listing within the CMS Portal until subsequent to FY2022.

Effect:

The CNMI is in noncompliance with the applicable Special Tests and Provisions - Provider Eligibility and questioned costs of \$7,932,110 result.

Recommendation:

1. CNMI should establish and implement monitoring control procedures to ensure service providers are verified against the HHS OIG exclusion listing, prior to entering into or renewing service provider agreements; and

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-037, continued

Federal Agency:	U.S. Department of Health and Human Services
AL Program:	93.767 Children's Health Insurance Program
Federal Award No.:	7510515 & 7520515
Area:	Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
Questioned Costs:	\$7,932,110

Recommendation, continued:

2. Responsible CNMI personnel should periodically monitor updates in federal regulations affecting the program.

Views of Responsible Officials:

CNMI Medicaid Office disagrees with the finding. While the office did perform OIG exclusion list validation, screenshots were not captured for each individual check. It is important to note that the OIG Exclusion List portal's search function is limited to on-screen viewing and does not provide a built-in option to print or export search results.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Per discussion with program personnel, verification of service providers from the OIG exclusion list were not performed during FY2022, as the CNMI Medicaid Office was not aware of the HHS OIG exclusion verification requirement until subsequently to FY2022, for which is when the authorized program personnel gained access to the HHS OIG exclusion list within the CMS Portal.

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-038

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.778 Medical Assistance Program
 Federal Award No.: 2105CQTMAP
 Area: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$27,816,686

Criteria:

Federal Financial Participation (FFP) funds can be used only for Medicaid benefit payments (as specified in the state plan, federal regulations, or an approved waiver/demonstration), expenditures for administration and training. Payments may only be made to providers determined by the State Medicaid Agency (SMA) to be eligible to participate in the Medicaid program.

To be allowable, Medicaid costs for medical services must be (1) covered by the state plan or the Centers for Medicare and Medicaid Services (CMS) approved waivers/demonstrations; (2) reviewed by the state consistent with the state’s documented procedures and system for determining medical necessity of claims; (3) properly coded; and (4) paid at the rate allowed by the state plan. Furthermore, beneficiaries must be eligible (or presumptively eligible) at the time of service, whether covered under fee-for-service. Additionally, Medicaid costs must be net of beneficiary cost-sharing obligations and applicable credits (e.g., insurance, recoveries from other third parties who are responsible for covering the Medicaid costs, and drug rebates), paid to eligible providers, and only provided on behalf of eligible individuals.

Condition:

Of forty nonpayroll expenditures tested, aggregating \$50,985,268, of a population of \$68,704,587, the following were noted:

1. For three (or 8%), checks or wire transfer payments were not provided. Accordingly, we were unable to determine if payments were made in the correct amount or made to an ineligible party.

<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Amount and Questioned Costs</u>
8803220002	08/30/22	5133	\$21,789,224
8803220002	01/28/22	1384	246,904
8803220001	11/05/21	2796	<u>2,650</u>
			<u>\$22,038,778</u>

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Schedule of Findings and Questioned Costs, continued

Finding No. 2022-038, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.778 Medical Assistance Program
 Federal Award No.: 2105CQTMAP
 Area: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$27,816,686

Condition, continued:

- For twenty-six (or 65%), billing rates were not provided; accordingly, the CNMI was not able to substantiate that the invoices were paid at the rate allowed by the State Plan.

<u>Project Number</u>	<u>Document Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Case Number</u>	<u>Amount and Questioned Costs</u>
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-2780	\$ 27
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-116	268
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-6862	35
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-9307	5
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-4427	54
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-11130	58
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-946	228
8803220002	BPPE-22-23-24	07/29/22	4219	PE-CHC-20-13646-01	288
8803220002	MVN21-19-38	11/29/21	1839	1101153700	253
8803220002	MVN21-19-38	11/29/21	1839	141084413	2,011
8803220002	MVN21-19-38	11/29/21	1839	1203240800	1,497
8803220002	MVN21-19-38	11/29/21	1839	1202478900	2,960
8803220002	MVN21-19-38	11/29/21	1839	1500215102	3,443
8803220002	MVN21-19-38	11/29/21	1839	140940113	898
8803220002	MVN21-19-38	11/29/21	1839	1415006	4,855
8803220002	MVN21-19-38	11/29/21	1839	1502458200	3,054
8803220002	MVN21-19-38	11/29/21	1839	1500500201	439
8803220002	MVN21-19-38	11/29/21	1839	1500500201	1,934
8803220002	HECOV REG 22-73	09/27/22	5714	14-036403-00	232
8803220002	HECOV REG 22-73	09/27/22	5714	14-013394-11	191
8803220002	HECOV REG 22-73	09/27/22	5714	16-011387-13	205
8803220002	HECOV REG 22-73	09/27/22	5714	14-001963-12	216
8803220002	HECOV REG 22-73	09/27/22	5714	20-035585-00	205
8803220002	HECOV REG 22-73	09/27/22	5714	11-006632-12	235
8803220002	HECOV REG 22-73	09/27/22	5714	14-013429-00	205
8803220002	HECOV REG 22-73	09/27/22	5714	12-025599-00	209
					<u>\$24,005</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-038, continued

Federal Agency: U.S. Department of Health and Human Services
 AL Program: 93.778 Medical Assistance Program
 Federal Award No.: 2105CQTMAP
 Area: Activities Allowed or Unallowed
 Allowable Costs/Cost Principles
 Questioned Costs: \$27,816,686

Condition, continued:

3. A variance of \$5,753,903 between the benefits payment listing and the program’s expenditure detail report was noted. A reconciliation of the variance was not provided, for which the amount is questioned as amount charged to the program is in excess of the benefits payment listing.

<u>Per Benefits Payment Listing</u>	<u>Per Program’s Expenditure Detail Report</u>	<u>Variance and Questioned Costs</u>
\$23,442,555	\$29,196,458	\$5,753,903

Cause:

1. CNMI did not provide sufficient and appropriate audit evidence to assist the auditors during the fieldwork.
2. Lack of reconciliation between recorded program expenditures and the benefits payment listing.

Effect:

The CNMI is in noncompliance with applicable allowable costs/cost principles requirement and questioned costs of \$27,816,686 result.

<u>Condition</u>	<u>Questioned Costs</u>
1	\$22,038,778
2	24,005
3	<u>5,753,903</u>
	<u>\$27,816,686</u>

Recommendation:

1. The CNMI should maintain adequate documentation supporting program expenditures over the Medical Assistance Program.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-038, continued

Federal Agency:	U.S. Department of Health and Human Services
AL Program:	93.778 Medical Assistance Program
Federal Award No.:	2105CQTMAP
Area:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Questioned Costs:	\$27,816,686

Recommendation, continued:

2. CNMI should strengthen and enforce effective monitoring control procedures over program costs.
3. Establish and implement monitoring control procedures over the reconciliation of recorded program expenditures against the benefit payment listing.

Views of Responsible Officials:

Conditions 1 and 2 - The CNMI Medicaid Office disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Condition 3 - CNMI Medicaid Office disagrees with this finding. The agency currently does not have a Medicaid Management Information System (MMIS) in place to collect and accurately report comprehensive Benefits Paid data. All data processing is done manually, and information is maintained using Excel spreadsheets, which limits the ability to generate complete and reliable reports. Additionally, the "Benefits Paid" data provided to the auditor does not include services covered under the Certified Public Expenditures (CPE) payments made to CHCC. Therefore, these records should not be used as the sole basis for evaluating program eligibility, total expenditures, or compliance with eligibility requirements. However, CNMI Medicaid Office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Conditions 1 and 2 - CNMI states disagreement; however, CNMI also acknowledges that documentation supporting program costs were not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-038, continued

Federal Agency:	U.S. Department of Health and Human Services
AL Program:	93.778 Medical Assistance Program
Federal Award No.:	2105CQTMAP
Area:	Activities Allowed or Unallowed Allowable Costs/Cost Principles
Questioned Costs:	\$27,816,686

Auditor Response, continued:

Condition 3 - The variance of \$5,753,903 between the excel benefits payment listing and the program's expenditure detail report, only pertains to benefit payments related to claims. CPE payments made to CHCC were not factored into the variance.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-039

Federal Agency: U.S. Department of Health and Human Services
AL Program: 93.778 Medical Assistance Program
Federal Award No.: 2105CQTMAP
Area: Reporting
Questioned Costs: \$-0-

Criteria:

The Program is required to submit quarterly Statement of Expenditures Reports (CMS-64) that are accurately presented, comparable and reconcilable, no later than 30 calendar days after the reporting period.

Condition:

Of three CMS-64 reports tested, for two (or 67%), the total federal share of expenditures do not agree with the underlying accounting records, for which no supporting documentation was provided for the variance.

<u>Quarter Ended</u>	<u>Per CMS 64</u>	<u>Per Underlying Accounting Records</u>	<u>Variance</u>
12/31/21	\$ 29,086	\$ ---	\$29,086
03/31/22	\$637,676	\$583,881	\$53,795

Cause:

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

Effect:

The CNMI is in noncompliance with applicable reporting requirements.

Recommendation:

The responsible CNMI personnel should regularly monitor reports to verify that amounts reported are supported by underlying accounting records.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-039, continued

Federal Agency:	U.S. Department of Health and Human Services
AL Program:	93.778 Medical Assistance Program
Federal Award No.:	2105CQTMAP
Area:	Reporting
Questioned Costs:	\$-0-

Views of Responsible Officials:

The CNMI Medicaid Office disagrees with this finding for several reasons, including but not limited to the fact that the auditor's calculation includes a separate funding source that should not have been attributed to the actual total. Additionally, the stated variances were addressed through prior period adjustments, which are reflected in the succeeding quarter(s). However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Variances were discussed and were acknowledged by the program personnel; however, the program personnel requires more time to reconcile the variances with the underlying accounting records.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-040

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 45 CFR section 95.621, 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 their biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews.

Condition:

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

Cause:

The CNMI lacks monitoring procedures 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.

Identification as a Repeat Finding: Finding No. 2021-036

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.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-040, continued

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-

Views of Responsible Officials:

The CNMI Medicaid Office disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY2022 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

The CNMI states disagreement; however, CNMI also acknowledges that documentation of the biennial ADP system security review performed was not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-041

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 - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$3,640,189

Criteria:

Providers who have been barred from participation by the U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) exclusion list are not eligible to be enrolled in the Medicaid program (42 CFR 455.436).

Accordingly, in accordance with 42 CFR § 455.436 Federal database checks, the State Medicaid agency must do all of the following:

- a. Confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest or who is an agent or managing employee of the provider through routine checks of Federal databases.
- b. Check the Social Security Administration's Death Master File, the National Plan and Provider Enumeration System (NPPES), the List of Excluded Individuals/Entities (LEIE), the Excluded Parties List System (EPLS), and any such other databases as the Secretary may prescribe.
- c. Consult appropriate databases to confirm identity upon enrollment and reenrollment; and
- d. Check the LEIE and EPLS no less frequently than monthly.

Condition:

Of nine (or 100%) service providers tested, aggregating \$3,640,189 of a population of \$29,196,458, supporting documentation was not provided to substantiate that the Service Providers are not under the Office of Inspector General (OIG) exclusion list.

<u>Provider Number</u>	<u>FY2022 Provider Payments and Questioned Costs</u>
3R-016	\$596,015
3R-062	308,295
3R-020	559,597
3R-031, 3R-071	346,197

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-041, continued

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 - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$3,640,189

Condition, continued:

<u>Provider Number</u>	<u>FY2022 Provider Payments and Questioned Costs</u>
3R-007, 3R-029, 3R-033, 3R-034	792,422
3R-054	17,496
3R-014	536,204
3R-018	110,311
3R-008	<u>373,652</u>
	<u>\$3,640,189</u>

Cause:

CNMI was not aware of the HHS OIG exclusion verification requirement, including the availability of the HHS OIG exclusion listing within the Centers for Medicare and Medicaid Services Portal until subsequent to FY2022.

Effect:

The CNMI is in noncompliance with the applicable special tests and provisions requirements and questioned costs of \$3,640,189 result.

Recommendation:

1. CNMI should establish and implement monitoring control procedures to ensure service providers are verified against the HHS OIG exclusion listing, prior to entering into or renewing service provider agreements; and
2. Responsible CNMI personnel should periodically monitor updates in federal regulations affecting the program.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-041, continued

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 - Provider Eligibility (Screening and Enrollment)
Questioned Costs:	\$3,640,189

Views of Responsible Officials:

CNMI Medicaid Office disagrees with the finding. While the office did perform OIG exclusion list validation, screenshots were not captured for each individual check. It is important to note that the OIG Exclusion List portal's search function is limited to on-screen viewing and does not provide a built-in option to print or export search results.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Per discussion with program personnel, verification of service providers from the OIG exclusion list were not performed during FY2022, as the CNMI Medicaid Office was not aware of the HHS OIG exclusion verification requirement until subsequently to FY2022, for which is when the authorized program personnel gained access to the HHS OIG exclusion list within the CMS Portal.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-042

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
 Federal Award No.: 4235DRMPP00000491; 4235DRMPP00000951; 4396DRMPP00000041; 4511DRMPP00000271; 4511DRMPP00000081
 Area: Period of Performance
 Questioned Costs: \$423,234

Criteria:

In accordance with 2 CFR §200.344(c), the recipient must liquidate all financial obligations incurred under the Federal award not later than 120 calendar days after the conclusion of the period of performance. When justified, the Federal agency or pass-through entity may approve extensions for the recipient or subrecipient.

Condition:

Of twenty-nine nonpayroll expenditures tested, aggregating \$2,973,162, of a total population of \$2,973,162, the following were noted:

1. For four (or 14%), the liquidation occurred beyond the project worksheet’s liquidation date or 120 days from the project worksheet end date. Grant extension documentation was not provided.

<u>Project Worksheet Number</u>	<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Project Accounting Journal Check</u>	<u>Check Clearance Date</u>	<u>Liquidation End Date</u>	<u>Amount and Questioned Costs</u>
95	2701210029	09/30/22	11927	23006131	02/13/23	12/31/22	\$121,342
4	FG88120006	09/30/22	7485	23004324	10/13/22	09/30/22	85,712
27	8812210015	01/06/23	739	23005869	01/23/23	10/29/22	55,759
8	FG88120043	11/02/22	1490	23005397	12/13/22	10/29/22	<u>18,185</u>
							<u>\$280,998</u>

2. For one (or 3%), the obligation occurred beyond the project worksheet end date of 06/30/2022. Grant extension documentation was not provided.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-042, continued

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
 Federal Award No.: 4235DRMPP00000491; 4235DRMPP00000951; 4396DRMPP00000041; 4511DRMPP00000271; 4511DRMPP00000081
 Area: Period of Performance
 Questioned Costs: \$423,234

Condition, continued:

<u>Project Worksheet Number</u>	<u>Project Number</u>	<u>Project Accounting Journal Effective Date</u>	<u>Project Accounting Journal Number</u>	<u>Purchase Order Number</u>	<u>Purchase Order Date</u>	<u>Amount and Questioned Costs</u>
49	FG88120034	09/30/22	8186	22217045	09/07/22	\$142,236

Cause:

The CNMI did not effectively monitor compliance with applicable period of performance requirements.

Effect:

The CNMI is in noncompliance with the period of performance requirements, and questioned costs of \$423,234 result.

Effect, continued:

<u>Condition</u>	<u>Questioned Costs</u>
1	\$280,998
2	<u>142,236</u>
	<u>\$423,234</u>

Recommendation:

Responsible personnel should monitor check payments to allow for timely liquidation. Grantor approval should be sought, as necessary.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-042, continued

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award No.: 4235DRMPP00000491; 4235DRMPP00000951;
4396DRMPP00000041; 4511DRMPP00000271;
4511DRMPP00000081
Area: Period of Performance
Questioned Costs: \$423,234

Views of Responsible Officials:

Condition 1 - The Public Assistance Office agrees that the liquidation for DR4235MP (PW 95), was processed after the liquidation deadline; however, disagrees for DR4396MP (PW 4) as the liquidation was done prior to the closeout deadline of December 31, 2022 and liquidations for DR4511MP (PW 27) and DR4511MP (PW 8) were done prior to the closeout date of June 30, 2025.

Condition 2 - The Public Assistance Office disagrees with this finding. The invoice was dated and recorded after the period of performance (June 30, 2022), but date of actual work completed as shown on the Megger Test was May 20, 2022. The Public Assistance Office acknowledges that the record of the Megger Test had not been submitted to the auditors when submitting documentation.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

Condition 1 - Expenditures were liquidated after the liquidation period of performance end date.

Condition 2 - The transaction was obligated in September 2022, which is after the period of performance end date of June 30, 2022.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-043

Federal Agency: U.S. Department of Labor
AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award No.: B-4235DRMPP1SMR500, B-4396DRMPP1SMR500, B4404DRMPP1SMR500, B-4511DRMPP1SMR500
Area: Reporting
Questioned Costs: \$-0-

Criteria:

In accordance with 2 CFR Part 170 and the Federal Funding Accountability and Transparency Act (FFATA), recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more in federal funds to the FFATA Subaward Reporting System (SRS). For subaward information, recipients are required to report no later than the end of the month following the month in which the subaward was issued.

Condition:

CNMI did not report the subaward information for disasters 4235, 4396, 4404 and 4511 to the FFATA SRS in fiscal year 2022.

Cause:

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

Effect:

The CNMI is in noncompliance with applicable reporting requirements.

Identification as a Repeat Finding: Finding No. 2021-039

Recommendation:

CNMI should establish and implement a suitably designed internal control processes to prevent or detect material noncompliance over reporting compliance requirements, which should include review, approval and monitoring internal control procedures. In addition, the CNMI should establish policies and procedures to verify that the required FFATA reports are prepared and submitted to the SRS.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-043, continued

Federal Agency:	U.S. Department of Labor
AL Program:	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award No.:	B-4235DRMPP1SMR500, B-4396DRMPP1SMR500, B4404DRMPP1SMR500, B-4511DRMPP1SMR500
Area:	Reporting
Questioned Costs:	\$-0-

Views of Responsible Officials:

The Public Assistance Office agrees with this finding and is aware of the need to submit the Federal Funding Accountability and Transparency Act (“FFATA”) reports.

Refer to CNMI’s Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-044

Federal Agency: U.S. Department of the Homeland Security
 AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
 Federal Award No.: FEMA-4396-DR; FEMA-4234-DR, FEMA-4404-DR; FEMA-4511-DR
 Area: Subrecipient Monitoring
 Questioned Costs: \$1,540,330

Criteria:

In accordance with 2 CFR 200.332(e), a pass-through entity (PTE) must monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The PTE is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved. In monitoring a subrecipient, a PTE must review financial and performance reports.

Further, in accordance with 2 CFR 200.332(g), a PTE must verify that a subrecipient is audited as required by Subpart F when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

Condition:

1. Of eight subrecipients tested, aggregating \$1,540,330, of a total population of \$6,850,955, the following were noted:
 - a. For eight (or 100%), evidence of CNMI’s review of financial and programmatic reports were not provided.

<u>Project String</u>	<u>Business Unit</u>	<u>Total FY 2022 Expenditures and Questioned Costs</u>
1501210012	M4404O	\$ 263
2001210036	M4404B	128,587
5101210007	M4404G	185,638
8809210015	M44043	96,424
FG88120003	M4396K	10,875
FG88120008	M43967	161,071
FG88120009	M4404F	956,819
FG88120011	M4404M	<u>653</u>
	Total	<u>\$1,540,330</u>

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-044, continued

Federal Agency: U.S. Department of the Homeland Security
 AL Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
 Federal Award No.: FEMA-4396-DR; FEMA-4234-DR, FEMA-4404-DR; FEMA-4511-DR
 Area: Subrecipient Monitoring
 Questioned Costs: \$1,540,330

Condition, continued:

- b. For two (or 25%) subrecipients, the CNMI did not perform appropriate review and follow up of the subrecipients’ audited financial statements for fiscal year 2022, dated April 30, 2024 and February 23, 2024. The subrecipients’ SEFA failed to include the federal awards it received from the CNMI. No questioned costs are presented as the amounts are questioned at Condition 1a.

<u>Project String</u>	<u>Business Unit</u>	<u>Total FY 2022 Expenditures</u>
FG88120003	M4396K	\$ 10,875
FG88120009	M4404F	<u>956,819</u>
		<u>\$ 967,694</u>

- 2. No evidence was provided of procedures used to determine that subrecipients expending \$750,000 or more in Federal awards have met the audit requirement of 2 CFR part 200, subpart F and that the required audits are completed within nine months of the end of the subrecipient’s audit period. In addition, we are aware that Project Strings 8812210010, 8812210015, and FG88120004 Single Audit Reports were due; however, the audits are still ongoing.

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 \$1,540,330 result for Condition 1a.

Recommendation:

The CNMI should consider developing a tracking system to monitor compliance with applicable subrecipient monitoring requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-044, continued

Federal Agency:	U.S. Department of the Homeland Security
AL Program:	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award No.:	FEMA-4396-DR; FEMA-4234-DR, FEMA-4404-DR; FEMA-4511-DR
Area:	Subrecipient Monitoring
Questioned Costs:	\$1,540,330

Views of Responsible Officials:

Conditions 1 and 2 - The Public Assistance Office agrees with this finding and acknowledges that, as the pass-through entity, we are responsible for monitoring subrecipients.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-045

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.039 Hazard Mitigation Grant
Federal Award No.: DR-4235
Area: Allowable Costs/Cost Principles
Questioned Costs: \$99,924

Criteria:

Grantees are required to ensure that payments made under the grant are not improper payments as defined under 2 CFR 200.1. Improper payments means a payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The term improper payment includes: any payment to an ineligible recipient; any payment for an ineligible good or service; any duplicate payment; any payment for a good or service not received, except for those payments where authorized by law; any payment that is not authorized by law; and any payment that does not account for credit for applicable discounts.

Condition:

Of thirty-six nonpayroll expenditures tested, aggregating \$3,932,053 of a total population of \$4,097,083, one (or 3%) (under business unit M4235, object account no. 8812210002, contract no. 704583-OC, amounting to \$99,924) was recorded twice in the general ledger and was requested for reimbursement twice under the Federal award on December 22, 2021 and on January 18, 2022, for which the amount is questioned.

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 \$99,924 result.

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.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-045, continued

Federal Agency:	U.S. Department of Homeland Security
AL Program:	97.039 Hazard Mitigation Grant
Federal Award No.:	DR-4235
Area:	Allowable Costs/Cost Principles
Questioned Costs:	\$99,924

Views of responsible officials:

The Hazard Mitigation Grant Program (HMGP) agrees with this finding. During the audit submission process, HMGP provided the support documents for the journal entries and reversals associated with the \$99,923 to the auditor, as requested. However, it was only upon receiving this audit finding, that the discrepancy of a duplicate audit drawdown was called into question. HMGP's ledger for this project as well as the Munis drawdown history does not indicate a remaining balance of \$99,923 and the project related to this finding has already been closed out. To address this audit finding that HMGP received this last week on September 17th, HMGP reached out to the Department of Finance to provide related documents for the drawdowns. Based on the documents provided by DOF, the questioned cost was not a direct result of the duplicate drawdown but as a result of the reverse journal entries made by Tyler Munis staff in an effort to correct the duplicate drawdown.

HMGP is prepared to provide additional documentation upon request. Additionally, acknowledging that the second debit to construction in August of 2022 for \$99,924 was recorded and was not corrected for this project. HMGP will work with DOF to correct the journal entry and return the funds to FEMA.

Refer to CNMI's Corrective Action Plan for additional information.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-046

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.039 Hazard Mitigation Grant Program
 Federal Award No.: DR-4404 / DR-4235
 Area: Cash Management
 Questioned Costs: \$2,687,277

Criteria:

In accordance with the CNMI’s Hazard Mitigation Grant Program (HMGP) Administrative Plan, funds will be reimbursed to the CNMI after making eligible payments for approved HMGP projects. For advance drawdowns, a written justification for advancement will be submitted to the Federal Emergency Management Agency (FEMA) for approval.

Condition:

For thirty (or 75%) of forty drawdowns tested, aggregating \$2,702,122 of a total population of \$4,561,759, check clearing dates were after the drawdown request dates.

<u>Project Number</u>	<u>Grant Award Number</u>	<u>Project Accounting Journal Number</u>	<u>Check Clearance Date</u>	<u>Drawdown Request Date</u>	<u>Amount and Questioned Costs</u>
2001210034	DR 4235	2583	05/17/22	05/12/22	\$525,522
8812210002	DR 4235	1883	03/11/22	03/09/22	479,428
2001210034	DR 4235	2256	06/30/22	06/27/22	184,719
2001210034	DR 4235	1716	09/20/22	09/19/22	151,699
8812210002	DR 4235	1037	12/30/21	12/22/21	139,861
8812210002	DR 4235	529	03/17/22	03/09/22	118,032
8812210002	DR 4235	2048	12/30/21	12/22/21	115,278
8812210002	DR 4235	2007	06/28/22	06/27/22	103,467
8812210002	DR 4235	2125	01/27/22	12/22/21	99,924
8812210002	DR 4235	52	09/20/22	09/19/22	93,100
8812210002	DR 4235	1128	09/20/22	09/19/22	92,904
8812210002	DR 4235	2049	12/30/21	12/22/21	90,439
8812210002	DR 4235	583	07/19/22	07/14/22	85,821
2001210034	DR 4235	2055	12/29/21	12/22/21	71,040
8812210002	DR 4235	1500	09/20/22	09/19/22	55,085
8812210002	DR 4235	1426	03/11/22	03/09/22	21,647
2001210034	DR 4235	529	03/11/22	03/09/22	18,796

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-046, continued

Federal Agency: U.S. Department of Homeland Security
 AL Program: 97.039 Hazard Mitigation Grant Program
 Federal Award No.: DR-4404 / DR-4235
 Area: Cash Management
 Questioned Costs: \$2,687,277

Condition, continued:

<u>Project Number</u>	<u>Grant Award Number</u>	<u>Project Accounting Journal Number</u>	<u>Check Clearance Date</u>	<u>Drawdown Request Date</u>	<u>Amount and Questioned Costs</u>
2001210034	DR 4235	1155	12/29/21	12/22/21	14,026
8812210002	DR 4235	229	01/19/22	01/18/22	8,284
8812210002	DR 4235	2774	01/27/22	01/18/22	53,451
8812210002	DR 4235	1014	03/28/22	03/25/22	37,306
8812210002	DR 4235	383	04/29/22	04/22/22	36,323
2001210034	DR 4235	229	1/19/2022	01/18/2022	30,831
8812210002	DR 4235	4538	6/30/2022	6/27/2022	25,170
8812210002	DR 4235	606	3/11/2022	03/09/2022	17,985
8823210003	DR 4404	859	3/28/2022	03/09/2022	5,018
2001210034	DR 4235	1139	1/11/2022	12/22/2021	4,800
2001210034	DR 4235	1012	4/11/2022	03/25/2022	4,500
8823210003	DR 4404	681	3/11/2022	03/09/2022	2,720
8823210002	DR 4404	1476	3/23/2022	03/09/2022	101
					<u>\$2,687,277</u>

Cause:

CNMI did not enforce compliance with applicable cash management requirements and lacks monitoring control over the following:

1. Timely renewal of its FY2021 Treasury State Agreement (TSA), which resulted in the delay of renewing its FY2022 TSA.
2. Expenditures are incurred subsequent to the drawdown request dates.

Effect:

CNMI is in noncompliance with applicable cash management requirements and questioned costs of \$2,687,277 result.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-046, continued

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.039 Hazard Mitigation Grant Program
Federal Award No.: DR-4404 / DR-4235
Area: Cash Management
Questioned Costs: \$2,687,277

Recommendation:

CNMI should strengthen and enforce compliance with applicable cash management requirements, develop and implement effective monitoring controls over the following:

1. Responsible personnel should timely submit and renew the TSA; and
2. Expenditures are paid prior to the drawdown request dates.

Views of Responsible Officials:

HMGP disagrees with this finding. According to 31 CFR part 205, which is the default procedure if a Treasury-State Agreement (TSA) is not formally in effect, it is permissible and standard practice for a reimbursement check to clear after the disbursement request date, provided the subrecipient has submitted proof of prior payment with local funds. All checks in the samples tested are from local funds and all documents attached verified the expenses. Reimbursable funding is a recognized funding technique under 31 CFR 205.12(b)(e). This technique means that a Federal Program Agency transfers federal funds to a state after that state has already paid out the funds for Federal assistance program purposes and provided all necessary documentation.

HMGP's process operates under this reimbursement methodology. Subrecipients incur costs using local funds first, then submit required documentation to HMGP for reimbursement. Consequently, the timing of reimbursement payments clearing after the request date is an inherent and necessary characteristic of this system.

The finding suggests a deficiency, HMGP's procedures are standard and compliant practice when operating under a reimbursement system and the default procedure.

Refer to CNMI's Corrective Action Plan for additional information.

Auditor Response:

CNMI's interpretation of "paid out" as the issuance of a check is inconsistent with 31 CFR § 205.12, which defines payout as the actual debit from the State's bank account. CNMI's interpretation and practice does not comply with the reimbursable funding technique, which requires that Federal funds be transferred only after CNMI has paid out funds for program purposes.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-047

Federal Agency: U.S. Department of Homeland Security
AL Program: 97.039 Hazard Mitigation Grant
Federal Award No.: DR-4404 / DR-4235
Area: Reporting
Questioned Costs: \$-0-

Criteria:

In accordance with 2 CFR Part 170 and the Federal Funding Accountability and Transparency Act (FFATA), recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more in federal funds to the FFATA Subaward Reporting System (FSRS). For subaward information, recipients are required to report no later than the end of the month following the month in which the subaward was issued.

Condition:

CNMI did not report the subaward information for the following subawards with \$30,000 or more in Federal funds to the FFATA SRS in fiscal year 2022:

<u>Grant Award</u>	<u>Subaward Date</u>	<u>Sub awardee</u>	<u>Amount</u>
DR4404-02-12R	03/16/22	Commonwealth Utility Corporation	\$720,800
DR4404-06-24R	11/12/21	Department of Public Works	\$783,750
DR4404-20-13R	01/10/22	Commonwealth Utility Corporation	\$719,113
DR4404-21-23R	08/12/22	Department of Fire and Emergency Medical Services	\$212,500
DR4404-25-14R	03/16/22	Commonwealth Healthcare Corporation	\$ 94,500
DR4404-40-10R	12/13/21	Office of the Governor	\$264,488
DR4404-44-09R	08/04/22	Department of Community and Cultural Affairs	\$ 31,645
DR4404-46-08R	08/04/22	Department of Public Safety	\$ 37,224
DR4404-71-06R	11/12/21	Commonwealth Utility Corporation	\$293,622
DR4404-74-07R	02/07/22	Commonwealth Utility Corporation	\$166,800

Cause:

CNMI did not effectively monitor compliance with applicable reporting requirements.

Effect:

The CNMI is in noncompliance with applicable reporting requirements.

Commonwealth of the Northern Mariana Islands

Schedule of Findings and Questioned Costs, continued

Finding No. 2022-047, continued

Federal Agency:	U.S. Department of Homeland Security
AL Program:	97.039 Hazard Mitigation Grant
Federal Award No.:	DR-4404 / DR-4235
Area:	Reporting
Questioned Costs:	\$-0-

Recommendation:

CNMI should establish and implement a suitably designed internal control processes to prevent or detect material noncompliance over reporting compliance requirements, which should include review, approval and monitoring internal control procedures.

Further, the CNMI should establish policies and procedures to verify that the required FFATA reports are prepared and submitted to the SRS.

Views of Responsible Officials:

HMGP agrees with this finding. HMGP acknowledges that this FFATA reporting condition was not addressed during the time period under review. However, HMGP became aware of the issue during a previous audit and have since been working to implement corrective measures. An action already taken for HMGP includes reaching out to the Public Assistance Office who had already begun the process of obtaining the necessary permissions on the FFATA Subaward Reporting System (FSRS) online submission portal to assign a designated administrator for our programs.

Refer to CNMI's Corrective Action Plan for additional information.



**Office of the Secretary
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Unresolved Prior Year Questioned Costs

Year ended September 30, 2022

Questioned costs as previously reported:	
Fiscal year 2021	\$ 51,962,626
Fiscal year 2020	46,733,408
Fiscal year 2019	415,363
Fiscal year 2017 and prior	5,215,685
	104,327,082
Less questioned costs resolved in fiscal year 2022:	
Questioned costs resolved per DOI correspondence dated 3/04/2025:	
Fiscal Year 2021 Single Audit and Prior Years	(6,441,696)
Questioned costs resolved per U.S. DOL correspondence dated 2/12/2025 and 8/1/2023:	
Fiscal Year 2021 Single Audit	(107,490)
Fiscal Year 2020 Single Audit	(48,490)
Questioned costs resolved per U.S. DOE correspondence dated 3/07/2025:	
Fiscal Year 2020 Single Audit	(35,553)
Questioned costs resolved per U.S. FEMA correspondence dated 10/24/2024:	
Fiscal Year 2020 Single Audit	(2,372,496)
Questioned costs of fiscal year 2013 Single Audit (a)	(322,989)
Questioned costs of fiscal year 2012 Single Audit (a)	(616,417)
	94,381,951
Questioned costs of fiscal year 2022 Single Audit	163,084,625
Unresolved questioned costs at September 30, 2022	\$ 257,466,576

- (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.: 2022-001
AL Program: N/A
Area: General Ledger and Financial Statement Close Process
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1-5:

The Department of Finance agrees with this finding. These challenges stem from factors such as staff turnover and the transition from a legacy financial system to the newly implemented Tyler Munis platform. The Tyler Munis system includes a dedicated Year-End Closing module equipped with a checklist designed to support timely reconciliations and ensure that all transactions are recorded in the appropriate accounting period. The Department has continued to utilize this module and anticipates measurable improvements in financial reporting accuracy and compliance going forward.

Proposed Completion Date: Ongoing

Finding No.: 2022-002
AL Program: N/A
Area: Schedule of Expenditures of Federal Awards
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1:

The Department of Finance agrees with the findings. As FY2022 was the first year of the Tyler Enterprise ERP system (ERP), we identified inconsistencies between general ledger accounts and the project ledger used for federal transactions. To resolve this, we enhanced our account creation process to ensure each project string is properly linked to a general ledger account, improving traceability, reconciliation, and transparency.

Condition 2, 3, 6, and 7:

The Department of Finance agrees with the findings. As this fiscal year marks the first implementation of our ERP system, the account creation process was not initially designed to clearly identify subaward projects. To address this, we introduced a new project type to distinguish federal subaward-related projects, improving efficiency in SEFA reporting. For COVID-19 funding, we now create separate projects when funding from the same grantor is issued under different programs, as applied in the creation of ARPA projects. Additionally, our government established a Single Audit Committee under Executive Order 2025-003, providing an additional layer of review to ensure report accuracy. We also formalized key policies with the release of the CNMI Internal Control for Federal Grants Management Manual in May 2025 and the CNMI Sub-recipient Monitoring Policies and Procedures in August 2025.



Office of the Secretary Department of Finance



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Finding No.: 2022-002, continued
AL Program: N/A
Area: Schedule of Expenditures of Federal Awards
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 4, 5, and 11:

The Department of Finance agrees with the findings. Under the oversight of the Single Audit Committee, we have established internal deadlines to ensure final SEFA reports are reviewed and approved prior to audit submission. This process strengthens accuracy and completeness. In support of our audit catch-up efforts, we are committed to making all necessary reconciliations and adjustments before submitting the final SEFA reports to avoid revisions.

Condition 8:

The Public Assistance Office agrees with this finding. For FY2022, the total amount expensed for subrecipients should have amounted to \$6,850,955. PAO would like to clarify that, according to our program, there was a total of \$9,095,755 in expenditures for FY 2022. These expenditures included \$2,244,800 of expenditures by PAO, the pass-through entity. After further review, the remaining \$15,046 variance was caused by the transition from JDE to Munis. During the transition, subrecipients erroneously had access to expend program funds without PAO review/approval.

The Public Assistance Office will continue to track expenditures and ensure that compliance is maintained. Munis accesses and workflows have been corrected, and approvals and workflows are now tied to PAO rather than to the subrecipients. Furthermore, since FY 2024, PAO now prepares and requests for drawdowns, creating a new control to help ensure that the proper project worksheets are charged, and that expenses have been reviewed and approved by PAO prior to liquidation of expenditures.

Condition 9:

The Department of Finance agrees with the findings. Following the legal opinion from the CNMI Attorney General’s Office in August 2025, we secured all necessary documentation from the Municipality of Tinian to ensure proper recording and reconciliation of transactions in our financial system.

Condition 10:

The Department of Finance agrees with the findings. To address the issue, we have established a dedicated project string/GL account to isolate all prior adjustments identified and entered by the Financial Services Federal Section during the current year. This approach ensures that, when preparing the SEFA, these transactions can be easily identified and properly accounted for.

Proposed Completion Date: December 31, 2025



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Finding No.: 2022-003
AL Program: N/A
Area: Cash and Cash Equivalents
Contact Person(s): Bernadita C. Palacios, Financial Services Director / Connie Agulto, Treasurer

Corrective Action Plan:

Condition 1-7:

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. 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.

Proposed Completion Date: Ongoing

Finding No.: 2022-004
AL Program: N/A
Area: CNMI Workers’ Compensation Commission
Contact Person(s): Remedio Mafnas, Secretary of Commerce, Department of Commerce
Corrective Action Plan:

The CNMI agrees with this finding. The transition transferred from NMIRF into Commerce took effect on September 30, 2013. To the best of my knowledge ALL WCC pertinent financial records including bank information has been transmitted from NMIRF to the Office of the Secretary of Finance at the time and copies provided to the Commerce secretary.

WCC accounts have been established by DOF under JD Edwards and now in our new MUNIS system now, account # 6078 and all revenue collections are paid/deposited at the CNMI Treasury under class code CD086.

Secretary of Commerce and Director WCC will work towards getting all the information from the Investment Money Manager and Hawaii Bank of Hawaii investment department.

Proposed Completion Date: Ongoing



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Finding No.: 2022-005
AL Program: N/A
Area: Net Pension Liability
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1-3:

The Department of Finance agrees with this finding. The 2021 actuarial valuation report was published on July 16, 2024. The Secretary of Finance’s Office and the NMISF are actively coordinating to obtain an updated actuarial valuation of the net pension liability. This process is underway, and we remain committed to closely monitoring progress and ensuring that this objective is achieved.

Proposed Completion Date: Ongoing

Finding No.: 2022-006
AL Program: N/A
Area: External Financial Reporting
Contact Person(s): Single Audit Committee (Dora Deleon Guerrero, Temporary Public Auditor)

Corrective Action Plan:

The Single Audit Committee agrees with this finding. The Committee will implement enhanced oversight measures to closely monitor the audit progress of the identified component units. This includes issuing a clear communication on deadlines and conducting periodic follow-ups. The Committee is committed to ensuring that these entities submit their audited financial statements promptly and in accordance with established deadlines.

Proposed Completion Date: Ongoing

Finding No.: 2022-007
AL Program: N/A
Area: Capital Assets
Contact Person(s): Geraldine Cruz, Procurement Director
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, 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



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Finding No.: 2022-007, continued
AL Program: N/A
Area: Capital Assets
Contact Person(s): Geraldine Cruz, Procurement Director
Corrective Action Plan:

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

Finding No.: 2022-008
AL Program: N/A
Area: CNMI Local Noncompliance
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

The Department of Finance agrees with this finding. As part of our ongoing fiscal oversight, the Department currently submits quarterly revenue and expenditure reports to the legislature. In preparing these reports, we conduct comprehensive reviews to assess trends and variances between actual financial activity and the provisions outlined in the budget law.

In addition, with the implementation of our new financial management system, we have activated budget control features that restrict departments and agencies from exceeding their authorized appropriations. These measures reinforce fiscal discipline and ensure continued compliance with statutory budgetary requirements.

Proposed Completion Date: Ongoing



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Finding No.: 2022-009
AL Program: N/A
Area: Due to Component Units
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

The Department of Finance (DOF) agrees with this finding which resulted from several challenges, including staff turnover and the implementation of the new financial management system. The Department will perform reconciliations as part of the Month-End Manager process in Tyler Munis and the Year-End Closing Checklist. This will ensure that transactions are recorded in the appropriate accounting period and that balances due to component units are reconciled in a timely manner.

In addition, as part of our ongoing commitment to reconciliation with component units, we are actively engaged in discussion with several units to establish mutually agreed-upon final balances. These will serve as our reference point moving forward.

Proposed Completion Date: Ongoing

Finding No.: 2022-010
AL Program: 10.539 - CNMI Nutrition Assistance Program
Area: Procurement and Suspension and Debarment
Questioned Costs: Unknown
Contact Person(s): Margaret Aldan, NAP Administrator / Geraldine Cruz, Procurement Services Director

Corrective Action Plan:

Condition 1 (G. Cruz):

The Procurement Services Division agrees with this finding on behalf of CNMI NAP. The Division will revise CNMI’s procurement regulations to ensure alignment with federal procurement standards as outlined in 2 CFR Part 200, particularly the small purchase threshold requirements and competitive procurement procedures.

Proposed Completion Date: Policy updates drafted by December 31, 2025 and adopted by March 31, 2026.

Condition 2 (M. Aldan):

The CNMI NAP agrees with this audit finding and that vendors were not being vetted using SAMS.gov. CNMI NAP has created and implemented an internal Standard Operating Procedure (SOP) to address this issue to ensure compliance. The SOP went into effect August 2025. A copy of the SOP can be provided upon request.

Proposed Completion Date: Completed



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Finding No.: 2022-011
AL Program: 10.542 - Pandemic EBT Food Benefits (P-EBT)
Area: Activities Allowed or Unallowed
Questioned Costs: \$-0-
Contact Person(s): Margaret Aldan, NAP Administrator
Corrective Action Plan:

CNMI NAP respectfully disagrees with this finding. The April 2022 Compliance Supplement referenced by the auditor states:

Special Tests and Provisions.

1. Verification of Free and Reduced-Price Applications (NSLP)

Compliance Requirements: By November 15th of each school year, the LEA (or state in certain cases) must verify the current free and reduced-price eligibility of households selected from a sample of applications that it has approved for free and reduced-price meals, unless the LEA is otherwise exempt from the verification requirement. The verification sample size is based on the total number of approved applications on file on October 1st.

A state agency may, with FNS approval, assume from LEAs under its jurisdiction the responsibility for performing the verifications. If the LEA performs the verification function it must be in accordance with instructions provided by the state agency. The LEA must follow up on children whose eligibility status has changed as the result of verification activities to put them in the correct category.

CNMI NAP response: The 2022 Compliance Supplement states that the LEA, in this instance, PSS, is responsible for verifying the current free and reduced-price eligibility of households unless the LEA is exempt from the verification requirement. PSS is not exempt from the verification requirement and the CNMI NAP has never given instructions to PSS for data collection as it is the PSS' responsibility to supply the data to NAP for P-EBT. NAP's role is to distribute the benefits only. Similar to the SUN Bucks (S-EBT) program, PSS furnishes the student listing to NAP, after which NAP distributes the benefits according to the listing provided by PSS.

Proposed Completion Date: Ongoing

Finding No.: 2022-012
AL Programs: 10.542 - Pandemic EBT Food Benefits (P-EBT)
Area: Eligibility
Questioned Costs: \$58,494
Contact Person(s): Margaret Aldan, NAP Administrator
Corrective Action Plan:

Condition 1 & 2:

CNMI NAP respectfully disagrees. Audit finding states that documentation supporting eligibility determinations were not provided. Finding further states that CNMI NAP lacks monitoring control



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Finding No.: 2022-012, continued
AL Programs: 10.542 - Pandemic EBT Food Benefits (P-EBT)
Area: Eligibility
Questioned Costs: \$58,494
Contact Person(s): Margaret Aldan, NAP Administrator
Corrective Action Plan:

Condition 1 & 2: continued over the listing of validated eligibility roster data that were not uploaded into MAVEN eligibility system due to data entry capacity limitations (sic) were not being maintained; and Distributed coupons were not reconciled to the recorded expenditures for redeemed coupons. The resulting effect being that CNMI NAP is in noncompliance with the applicable eligibility requirements and questioned costs for condition 1.

CNMI NAP was informed that this finding had been cleared so we are perplexed as to the re-emergence of this audit finding. CNMI NAP contends that:

1. Eligibility for P-EBT benefits is not determined by CNMI NAP. P-EBT eligibility was determined by identifying children who qualified for free or reduced-price school meals and then correlating that with a reduction of in-person schooling due to COVID-19. Children in households receiving SNAP and young children, under age six, were also eligible, provided their schools or childcare facilities closed or reduced hours for at least five consecutive days due to the pandemic. This data was provided by PSS, as well as the listing of eligible children that corresponded to this data set.
2. There are no “validated eligibility roster data case files” that were not uploaded into MAVEN due to data entry capacity limitations. All rosters provided by PSS were uploaded into MAVEN as this is the only way a case file can be generated in the system.
3. CNMI NAP has reconciled all benefits issued, including the P-EBT benefits for the audit year in question. This is a mandatory, non-negotiable process.

Proposed Completion Date: Ongoing

Finding No.: 2022-013
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,828,733
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 1 (E. Cabrera):
The Office of Grant Management (OGM) respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding.



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Finding No.: 2022-013, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,828,733
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 1 (E. Cabrera): continued

However, OGM maintain all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Furthermore, based on our documentation, the Authority to Proceed (ATP) requirement was not fully communicated or operationalized with the relevant agencies until late 2021. During this period, the National Environmental Policy Act (NEPA) compliance processes were nascent for both OGM and the partner agencies, and subsequently required coordination with the U.S. Army Corps of Engineers for proper implementation. Given that these procedural requirements were still in the initial stages of establishment and integration, the CNMI Government should not be deemed liable for noncompliance with obligations that were not yet fully defined or operationalized.

Proposed Completion Date: Ongoing

Condition 2 (N. Karakaya):

We respectfully disagree with this finding. Our office has obtained an Authorization to Proceed (ATP) for all projects funded by the Office of Insular Affairs under the 702 Capital Improvement Project (CIP) grants. It appears that supporting documents may not have been provided to the assigned auditor within the required timeframe; however, our office has maintained all ATPs associated with the projects listed in Condition 2.

In addition, the Capital Improvement Program has implemented a process to include the Authorization to Proceed when routing contracts for projects procured through sealed bid procurement and sealed proposals.

Corrective Action Plan:

1. Centralized Record Submission:
 - Designate a staff member responsible for ensuring that all ATP supporting documents are submitted to the auditors during scheduled audits.
 - Create a checklist to confirm that all required ATP documentation is included in audit packets.
2. Process Improvement:
 - Incorporate a mandatory step in the contract routing process to attach the Authorization to Proceed for all projects procured through sealed bid procurement and sealed proposals.
 - Update internal procedures to reflect this requirement.



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Finding No.: 2022-013, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Allowable Costs/Cost Principles
Questioned Costs: \$1,828,733
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 2 (N. Karakaya): continued

3. Training & Awareness:

- Conduct a briefing for CIP staff on the importance of timely submission of ATP documentation to auditors.
- Provide refresher training annually to ensure continued compliance.

4. Timeline for Implementation:

- Checklist & Process Update: By October 15, 2025
- Staff Training: By October 31, 2025

Proposed Completion Date: December 31, 2025

Finding No.: 2022-014
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Cash Management
Questioned Costs: \$482,041
Contact Person(s): Tracy B. Norita, Secretary of Finance / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 1 (N. Karakaya):

CIP agrees with the finding. However, this timing is inherent in our established process. For the Capital Improvement Program (CIP), once an expense is entered into Tyler Munis and posted, we request a drawdown for those expenses. The check clearing date will naturally occur after the drawdown request date because payment disbursement and check clearing are subsequent steps in the payment process.

Our practice ensures that:

- Drawdowns are based on recorded, approved, and posted expenditures, not on projected or unverified costs.
- Requests for reimbursement are fully supported by documented and posted expenses, which comply with grant requirements.

Corrective Action / Process Enhancement:

Although we believe the current procedure meets federal and grantor requirements, we will:



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Finding No.: 2022-014, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Cash Management
Questioned Costs: \$482,041
Contact Person(s): Tracy B. Norita, Secretary of Finance / Nerissa B. Karakaya, CIP
 COTR
Corrective Action Plan:

Condition 1 (N. Karakaya): continued

1. Document the Existing Process: Prepare a written procedure that explains the sequence of posting expenses in Tyler Munis, requesting drawdowns, and issuing checks, to clarify why check clearing dates follow drawdown requests.
2. Communicate with Auditor/Grantor: Provide the written procedure to the auditors and grantor to ensure shared understanding of the process.
3. Consider Additional Controls (if recommended): If the grantor or auditor recommends further safeguards, CIP will evaluate and implement feasible enhancements.

Proposed Completion Date: December 31, 2025

Finding No.: 2022-015
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Equipment and Real Property Management
Questioned Costs: Unknown
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC / Geraldine Cruz, Procurement Services Director
Corrective Action Plan:

The Procurement Services Division agrees with this finding. The CNMI has recently implemented the MUNIS Financial Management System to improve recordkeeping and compliance processes. All equipment and real property records acquired with federal funds will now be entered, tracked, and maintained within MUNIS. Supporting documentation will also be filed in accordance with standardized retention procedures to ensure that accurate and sufficient audit evidence is readily available.

Current staff are undergoing formal training on the use of the MUNIS system, with particular emphasis on modules related to asset and property management. This training will ensure staff are fully capable of inputting, maintaining, and retrieving compliance-related records to support audit readiness. The CNMI is actively working on completing the FAIR (Federal Asset Inventory & Reconciliation) project, which aims to reconcile all existing federal property records. Upon completion of this project, a random physical inventory of federal property assets will be conducted to verify accuracy and completeness of records within the system. Results will be documented and used to address any discrepancies.



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Finding No.: 2022-015, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Equipment and Real Property Management
Questioned Costs: Unknown
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Geraldine Cruz, Procurement Services Director

Corrective Action Plan:

To support sustained compliance, CNMI will develop internal procedures that align with federal property management regulations. These procedures will define roles and responsibilities, documentation requirements, and timelines for conducting regular physical inventories and system updates.

Proposed Completion Date: June 30, 2026

Finding No.: 2022-016
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Period of Performance
Questioned Costs: \$494,836
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 1 (E. Cabrera):

The Office of Grant Management (OGM) respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintain all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Based on our records, grant award D20AP00005 remains active with a period of performance extending through September 30, 2025, while grant award D20AP00037 was closed on September 30, 2024. Both grants remained operational well beyond the originally prescribed September 30, 2022 deadline. Given the extended period of performance authorized by the awarding agency, all associated questioned costs (\$494,660.00) are supported by active grant activity and should be deemed allowable. Accordingly, OGM respectfully requests that these questioned costs be removed, as they reflect legitimate expenditures incurred within the approved grant periods.

Proposed Completion Date: Ongoing



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Finding No.: 2022-016, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Period of Performance
Questioned Costs: \$494,836
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC / Nerissa B. Karakaya, CIP COFR

Corrective Action Plan:

Condition 2 (N. Karakaya):

CIP agrees with the finding. To address the finding and prevent recurrence, CIP will:

- Revise and strengthen written financial management policies to clearly define documentation requirements to substantiate expenditures and ensure costs are within the award's period of performance.
- Incorporate federal regulation references, including 2 CFR 200.303 (Internal Controls) and 2 CFR 200.344 (Closeout).
- Implement a standardized checklist for technical analyst and program managers to confirm that all expenditure documentation includes dates verifying that costs were incurred within the period of performance.
- Require a secondary review and sign-off by the CIP Administrator prior to submission of documentation to auditors.
- Conduct mandatory annual training for program on federal period of performance requirements and required supporting documentation standards.
- Provide refresher sessions before each audit cycle.
- Establish a quarterly self-audit of grant files to verify that documentation is complete and properly supports expenditures.
- Document results of each review and address deficiencies immediately.

The responsible official will report progress on corrective actions to the CNMI leadership and maintain documentation of all implemented changes. Evidence of compliance (updated policies, training records, and self-audit reports) will be provided to the auditors upon request.

Proposed Completion Date: December 31, 2025



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Finding No.: 2022-017
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$770,427
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Gerladine Cruz, Procurement Services Director / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 1 (G. Cruz):

The Procurement Services Division agrees with this finding. The Division will revise CNMI's procurement regulations to ensure alignment with federal procurement standards as outlined in 2 CFR Part 200, particularly the small purchase threshold requirements and competitive procurement procedures.

Proposed Completion Date: Policy updates drafted by December 31, 2025 and adopted by March 31, 2026.

Condition 2 (G. Cruz):

The Procurement Services Division agrees with this finding. To address the lack of consistent verification of vendor eligibility under federal debarment and suspension requirements (2 CFR §180.300), a policy will be implemented requiring all agencies to submit debarment verification documentation at the time of vendor selection. Acceptable documentation may include (1) a printout or screenshot from the SAM.gov Exclusions database, confirming that the vendor is not debarred or suspended, (2) a signed certification from the vendor attesting to their eligibility, or (3) a signed contract clause or provision that explicitly states the vendor is not excluded from federal transactions and complies with applicable debarment regulations.

Procurement procedures and standard forms will be revised to include debarment verification as a mandatory step prior to any purchase approval involving federal funds.

Procurement Services will ensure that debarment verification documents are maintained in the official procurement file for each transaction involving federal funds.

Proposed Completion Date: June 30, 2026

Condition 3(a) (E. Cabrera):

The Office of Grant Management (OGM) respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintain all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

For Project Code 2701210042, a purchase order (PO 22202856) totaling \$48,000 was executed in accordance with procurement requirements, supported by the solicitation and evaluation of three



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Finding No.: 2022-017, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$770,427
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Gerladine Cruz, Procurement Services Director / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 3(a) (E. Cabrera): continued
independent quotations to ensure competitiveness and compliance with applicable procurement regulations.

For Project Code 1901210064, a purchase order (PO 22216403) totaling \$22,881 was processed following the initial Invitation to Bid (ITB21-OGM/RDCCA-046). After the originally awarded contractor defaulted, procurement guidance was sought, resulting in direction to obtain and evaluate three independent quotations before issuing a purchase order. This approach ensured continued adherence to competitive procurement standards while addressing the unforeseen contractor default and maintaining project continuity.

Proposed Completion Date: Ongoing

Condition 3(b) (N. Karakaya):
Capital Improvement Program agrees with this finding. CIP acknowledges the need to maintain sufficient and appropriate audit evidence demonstrating compliance with federal procurement standards. We recognize that our current recordkeeping for bid submissions and ITB publication can be improved to ensure that auditors can readily verify compliance.

Corrective Actions:

1. Standardize Procurement Documentation Checklist
 - Develop a Bid Documentation Checklist that must be completed and signed for each procurement action.
 - Checklist will confirm inclusion of:
 - Copy of ITB and required documents
 - Copy of any addendums issued by Procurement Services
 - Proof of ITB publication (e.g., newspaper ad tear sheets, online postings with date/time stamps, screenshots).
 - Bid opening records (bid tabulation sheet, attendance log, time-stamped submissions).
 - Copies of all bids received, with date/time of receipt.
 - Documentation of evaluation committee scoring and award recommendation.
2. Centralized Digital Repository
 - Establish a secure electronic folder in the organization's shared drive or document management system for every procurement project.



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Finding No.: 2022-017, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Procurement and Suspension and Debarment
Questioned Costs: \$770,427
Contact Person(s): Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC / Gerladine Cruz, Procurement Services Director / Nerissa B. Karakaya, CIP COTR

Corrective Action Plan:

Condition 3(b) (N. Karakaya): continued

- Require that all supporting documents—bid advertisements, bid submissions, evaluation forms, and award notifications—be uploaded within five business days after bid opening.
3. Policy and Procedure Update
 - Revise the Procurement Manual to incorporate the checklist and digital repository requirements.
 - Reference 2 CFR 200.508(d) explicitly, ensuring staff understand the federal mandate for “sufficient and appropriate audit evidence.”
 4. Staff Training and Awareness
 - Conduct a mandatory training session for all staff involved in procurement on proper documentation and the use of the checklist and repository.
 - Provide annual refresher training to maintain compliance
 5. Monitoring & Verification
 - The CIP staff will conduct a semi-annual review of procurement files to verify that all required evidence is consistently documented and readily accessible for future audits.

Proposed Completion Date: December 31, 2025

Finding No.: 2022-018
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Nerissa B. Karakaya, CIP COTR
Corrective Action Plan:

CIP agrees with this finding. A documentation checklist exists; however, it was not consistently fully extended to program administration records. Monitoring controls focused primarily on project completion, resulting in less attention to verifying that supporting documentation for administrative expenses was fully compiled and properly reconciled. In addition, segregation-of-duties constraints were evident, as the same staff oversaw both the preparation of reports and the maintenance of program administration records, which limited independent verification and delayed the retrieval of required documentation. The following steps will be implemented to address this finding.

1. Implement Formal Monitoring Procedures



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Finding No.: 2022-018, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Nerissa B. Karakaya, CIP COTR
Corrective Action Plan:

- Develop and document a standardized review checklist to verify that all data in financial and operational reports is supported by source documentation and reconciled to the accounting records.
 - Require periodic management sign-off (e.g., monthly or quarterly) to confirm that reconciliations are performed and retained.
2. Strengthen Segregation of Duties
 - Reassign key tasks so that data preparation, reconciliation, and approval are performed by separate individuals or units whenever possible.
 - Where staffing constraints prevent full segregation, implement compensating controls (e.g., independent supervisory review, dual sign-off).
 3. Training and Capacity Building
 - Provide targeted training to finance and program staff on proper documentation, reconciliation procedures, and the importance of segregation of duties.
 4. Periodic Internal Reviews
 - Establish periodic internal audits or spot checks by an independent unit (e.g., internal audit or compliance team) to verify adherence to the new monitoring controls and segregation requirements.
 5. Timeline for Implementation
 - Within 30 days: Draft and approve written monitoring and reconciliation procedures.
 - Within 60 days: Reassign tasks to strengthen segregation of duties or document compensating controls.
 - Within 90 days: Conduct staff training and begin periodic internal reviews.
 6. Monitoring & Reporting
 - Quarterly management reports to track completion of reconciliations and internal review results.
 - Annual evaluation of control design and effectiveness by internal audit or an independent reviewer.

These actions will ensure reported data is consistently supported by accurate underlying



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Finding No.: 2022-018, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Nerissa B. Karakaya, CIP COTR
Corrective Action Plan:

accounting records and controls are suitably designed and effective, reducing the risk of misstatement or undetected errors due to inadequate segregation of duties.

Proposed Completion Date: December 31, 2025

Finding No.: 2022-019
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Subrecipient Monitoring
Questioned Costs: \$549,849
Contact Person(s): Nerissa B. Karakaya, CIP COTR / Angelina Phillips, Office of Management and Budget (OMB)

Corrective Action Plan:

Condition 1 (N. Karakaya):

CIP agrees with this finding. The address this finding, CIP will implement the following:

1. Establish Written Procedures: CNMI has developed and will initiate the implementation of formal written procedures requiring that all potential subrecipients be checked in SAM.gov prior to award and that verification is documented and retained in the official files.
2. Standardized Documentation: A standardized risk assessment checklist will be used for all subrecipients to confirm they are not suspended, debarred, or excluded under 2 CFR §180.300.
3. Staff Training: All staff responsible for subrecipient monitoring will receive training on federal requirements for exclusion checks and proper documentation procedures.
4. Monitoring and Review: CIP will conduct periodic reviews to ensure that SAM.gov checks are consistently performed and documented for all new and existing subrecipients.

Condition 2 (N. Karakaya):

CIP respectfully disagrees with this finding. The subrecipient was not required to submit the required project narrative report; instead, the report was prepared and submitted by the project manager responsible for managing the project as assigned by the Capital Improvement Program.

In accordance with 2 CFR §200.328 – Monitoring and Reporting Program Performance, subrecipients are required to provide performance reports to the pass-through entity that document the status and progress of activities in accordance with the approved scope of work. To correct this issue, the subrecipient will implement a formal internal procedure designating the Program Coordinator as responsible for preparing, reviewing, and submitting all project narrative reports.



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Finding No.: 2022-019, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Subrecipient Monitoring
Questioned Costs: \$549,849
Contact Person(s): Nerissa B. Karakaya, CIP COTR / Angelina Phillips, Office of Management and Budget (OMB)

Corrective Action Plan:

Condition 2 (N. Karakaya): continued

Additionally, mandatory training will be conducted for all relevant subrecipient staff on federal reporting requirements and proper submission procedures, and all future narrative reports will include a certification by the authorized subrecipient representative confirming proper submission. The Capital Improvement Program will monitor submissions quarterly for the next 12 months to ensure full compliance.

Corrective Actions:

1. Implement a formal internal reporting procedure requiring the subrecipient's Program Coordinator to prepare, review, and submit all project narrative reports.
2. Conduct mandatory training for subrecipient staff on federal reporting requirements, documentation standards, and submission procedures.
3. Include a certification statement on all future narrative reports, signed by the subrecipient's authorized representative, confirming proper submission.
4. Conduct quarterly monitoring of subrecipient submissions for the next 12 months to ensure compliance with reporting requirements.

Proposed Completion Date: December 31, 2025

Condition 3 (N. Karakaya):

We acknowledge the finding that documentation was not provided to verify whether eight subrecipients were subject to the audit requirements. The Capital Improvement Program will strengthen its subrecipient monitoring procedures to ensure compliance with 2 CFR 200.331(f) and related audit requirements.

Corrective actions will include:

1. Policy Implementation: Adopt and disseminate the newly established Subrecipient Monitoring Policy and Procedures, which specify verification of subrecipients' audit requirements.
2. Training: Provide training for program and grants management staff on the updated procedures and audit verification process.
3. Documentation: Maintain written evidence of audit requirement verifications for all subrecipients as part of the grant administration files.
4. Ongoing Monitoring: Incorporate periodic review of subrecipient audit status into the regular monitoring schedule to ensure continued compliance.



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Finding No.: 2022-019, continued
AL Program: 15.875 - Economic, Social, and Political Development of the Territories
Area: Subrecipient Monitoring
Questioned Costs: \$549,849
Contact Person(s): Nerissa B. Karakaya, CIP COTR / Angelina Phillips, Office of Management and Budget (OMB)

Corrective Action Plan:

Condition 3 (N. Karakaya): continued

These steps will be implemented immediately and will be applied to all current and future awards to prevent recurrence of this issue.

Proposed Completion Date: December 31, 2025

Finding No.: 2022-020
AL Program: 17.225 - Unemployment Insurance
Area: Eligibility
Questioned Costs: \$80,773
Contact Person(s): Zachary Taitano, PUA Program Manager, DOL

Corrective Action Plan:

Condition 1:

The CNMI agrees that the expenditure listing from the Financial System is significantly lower than the listing generated from the HireMarianas Portal.

This discrepancy is due to the fact that the expenditure listing reflects only disbursed payments, whereas the HireMarianas Portal listing includes transactions that were removed, cancelled, or rejected by the claimant’s financial institution.

Additionally, the HireMarianas listing includes payments that were cancelled and subsequently reissued through the portal, which may result in what appear to be duplicate entries.

Proposed Completion Date: Completed

Condition 2:

The CNMI partially agrees with this finding. While it is acknowledged that 8 of the 11 identified users’ SAVE verification results were uploaded onto the HireMarianas Portal late, all claimants were of Qualified Alien status in accordance with the definition provided through the Immigration and Nationality Act (INA). Moreover, all SAVE responses are now on the respective applicants’ supporting documents tab on the HireMarianas Portal.



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Finding No.: 2022-020, continued
AL Program: 17.225 - Unemployment Insurance
Area: Eligibility
Questioned Costs: \$80,773
Contact Person(s): Zachary Taitano, PUA Program Manager, DOL
Corrective Action Plan:

Condition 2: continued

App. IDs	Upload Date	SAVE Initiated Date	Save Response Date	Immigration Status
110618	09/17/2025	06/27/2025	07/10/2025	CW1
400480	07/03/2025	06/23/2025	07/02/2025	CW1
419380	06/24/2025	06/23/2025	N/A	Permanent Resident
424955	06/23/2025	04/03/2023	05/23/2023	Permanent Resident
425024	09/17/2025	02/06/2022	03/03/2022	CW1

***Note:** N/A under “SAVE Response Date” indicates an immediate response from USCIS-SAVE.

***Note:** The CNMI would like to clarify that the Questioned Costs for the identified users varies from the data provided on the Claimant Schedule submitted on the EY Portal on March 17, 2025 and are as follows:

App. IDs	PUA (Per EY)	PUA (Per Claimant Schedule)	FPUC (Per EY)	FPUC (Per Payment Schedule)	Total QC (Per EY)	Total QC (Per Payment Schedule)
98962	\$ 9,300.00	\$ 5,890.00	\$ 8,100.00	\$ 5,130.00	\$ 17,400.00	\$ 11,020.00
388961	\$ 9,332.00	\$ 5,092.00	\$10,260.00	\$ 5,940.00	\$ 19,592.00	\$ 11,032.00
424955	\$ 6,335.00	\$ 5,980.00	\$ 5,670.00	\$ 5,130.00	\$ 12,005.00	\$ 11,110.00
425024	\$72,479.00	\$ 620.00	\$ 72,360.00	\$ 540.00	\$ 144,839.00	\$ 1,160.00
TOTALS:	\$97,446.00	\$17,582.00	\$96,390.00	\$16,740.00	\$193,836.00	\$34,322.00

Proposed Completion Date: Ongoing



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Finding No.: 2022-021
AL Program: 17.225 - Unemployment Insurance
Area: Special Tests and Provisions - UI Program Integrity - Overpayments
Questioned Costs: \$13,152
Contact Person(s): Zachary Taitano, PUA Program Manager, DOL
Corrective Action Plan:

Condition 1:

The CNMI agrees with this finding, as the CNMI DOL did not forward the case to the OIG and did not charge 15% against the overpayment amounts for the respective benefit types.

The CNMI is currently in communication with its grantor to determine the appropriate course of action, considering the last action on this claim was in 2022,

The CNMI has sought grantor clarification on how to proceed with this matter and is pending further guidance. Further corrective action items, along with a proposed completion date, will be prepared once clarification is received.

Proposed Completion Date: Ongoing

Finding No.: 2022-022
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Allowable Costs/Cost Principles
Questioned Costs: \$65,865
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC
Corrective Action Plan:

The Office of Grant Management (OGM) respectfully disagrees with this finding. In alignment with program intent and to ensure housing stability, rental arrears were prioritized and satisfied first. However, in cases where households faced imminent risk of eviction, OGM permitted the submission of concurrent prospective rent payments as an emergency stabilization measure.

This approach was necessitated by the protracted processing timelines within the Division of Financial Services, which created a critical lag between approval and disbursement of funds. Without this intervention, households would have been exposed to heightened risk of eviction, undermining the program’s primary objective of preventing homelessness. Accordingly, the rental arrears totaling \$65,864 should be deemed an allowable and reasonable program expenditure consistent with the overarching goals of housing retention and client stabilization.

Proposed Completion Date: Ongoing



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Finding No.: 2022-023
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Eligibility
Questioned Costs: \$331,985
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC
Corrective Action Plan:

The Office of Grant Management (OGM) respectfully disagrees with this finding. The delay in document submission was attributable to internal scheduling constraints combined with the compressed timeline required to complete the FY2022 Single Audit. While the requested documentation was not provided by the auditor’s specified deadline, OGM maintains all relevant supporting records in accordance with federal grant retention requirements and remains prepared to furnish them upon request from the Grantor. Although the documentation was submitted several days beyond the deadline, the auditors informed OGM that reviewing the late submission would cause additional delays to the overall audit process.

OGM disputes the questioned cost amount of \$331,985, as complete and accurate records exist to substantiate the eligibility determinations of the CCERA clients in question. Given that the program concluded more than two years ago, additional time was necessary to retrieve and compile archived files. Accordingly, OGM asserts that these costs are allowable, allocable, and fully supported, and recommends that the auditors reconsider the finding in light of the shortened audit review window and the program’s recordkeeping context.

Proposed Completion Date: Ongoing

Finding No.: 2022-024
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Period of Performance
Questioned Costs: \$26,329
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC
Corrective Action Plan:

Condition 1:

The Office of Grant Management (OGM) respectfully disagrees with this finding. OGM recollects prior guidance and program discussions indicating that U.S. Territories administering ERA were afforded greater flexibility in the period of performance, in recognition of their geographic remoteness and the additional time required to receive technical assistance and implement compliant systems. This understanding informed OGM’s administration of ERA funds.

Additionally, several disbursed checks were returned, which created reconciliation delays and made it difficult to ascertain the true unobligated balance of the grant until sufficient time had passed for all transactions to clear. To address compliance concerns, CNMI officials traveled to Washington, D.C. in February 2025 to meet with U.S. Treasury representatives and resolve outstanding ERA1 documentation issues. Following those meetings, OGM submitted the



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Finding No.: 2022-024, continued
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Period of Performance
Questioned Costs: \$26,329
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC
Corrective Action Plan:

Condition 1: continued
 necessary reports and initiated the closeout process for ERA1 in accordance with federal requirements.

The questioned cost of \$26,329 reflects expenditures that were directed toward eligible households impacted by COVID-19. These expenditures were necessary, reasonable, and allocable under 2 CFR 200.403, and fully aligned with the statutory purpose of ERA to prevent housing instability. Disallowing these costs would effectively negate assistance that was properly delivered to beneficiaries and undermine the program’s objective. For these reasons, OGM respectfully requests that the questioned cost be removed.

Proposed Completion Date: Ongoing

Condition 2:
 The Office of Grant Management (OGM) respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, OGM maintain all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Finding No.: 2022-025
AL Program: 21.023 - Emergency Rental Assistance Program
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Epiphania Cabrera, Jr., Grants Administrator, OGM-SC
Corrective Action Plan:

The Office of Grants Management (OGM) respectfully admits that accurate and timely financial reporting was significantly challenged due to systemic and operational factors. First, the CNMI’s financial management system was transitioning from JD Edwards to Tyler-Munis, resulting in shifting expense allocations and fluctuating fund balances throughout the fiscal year. These system migrations inherently delayed reconciliation and reporting of final totals.



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Finding No.: 2022-025, continued
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:

Additionally, ERA program checks were periodically cancelled or returned by landlords as tenants exercised relocation options to improve housing conditions. These returned or voided payments caused monthly variations in financial reporting figures. OGM communicated these variances and the corresponding fluctuations in the SF-425 reports to Ernst & Young (EY) during the reporting period. It was only several months after the fiscal year's close that the expenses stabilized, reflecting accurate and reconciled program expenditures.

OGM also submitted a narrative report for this reporting period to EY, consistent with federal reporting expectations. It is important to note that the Department of Finance retained primary responsibility for reporting program activities to the U.S. Treasury, and OGM did not have direct access to the Treasury ERA portal. This limitation further constrained OGM's ability to provide real-time, system-generated reporting.

Subsequently, Treasury requested additional metrics and evidence outside the scope of the originally understood deliverables. OGM's capacity to respond was limited due to these evolving requirements, creating additional reporting challenges. The urgency of OGM assuming responsibility for the ERA program—at the direction of the former Governor—was driven by the state housing agency's workload related to the concurrent CDBG-Disaster program, which precluded their management of this emergency program.

Despite these challenges, OGM provided EY with a comprehensive listing of expenses that reconciled to the FMIS-generated ending fund balance for this business unit. Given these circumstances, OGM asserts that any variances observed in the SF-425 are the result of operational and systemic constraints, and the office should not be penalized for discrepancies arising under these extraordinary conditions.

Subsequently, all ERA1 Reporting were resolved in February 2025 with US Treasury. This action closed the grant officially.

Proposed Completion Date: Ongoing.



Office of the Secretary
Department of Finance



P.O. Box 5234 CHRB, Saipan MP 96950

TEL: (670) 664-1100 FAX: (670) 664-1115

Finding No.: 2022-026
AL Program: 21.026 - Homeowner Assistance Fund Program
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Zenie Mafnas, NMHC Director / Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

The CNMI agrees with this finding. Department of Finance Program Manager previously responsible for overseeing this grant is no longer with the Department. DOF will work with NMHC to verify whether the required FFATA reports and any other required activities were prepared and submitted to the Subaward Reporting System.

Proposed Completion Date: Ongoing

Finding No.: 2022-027
AL Program: 21.026 - Homeowner Assistance Fund Program
Area: Subrecipient Monitoring
Questioned Costs: \$4,157,924
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1-4:

The Department of Finance agrees with this finding. The Department has recently adopted and approved (August 2025) a Subrecipient Monitoring Policy and Procedures which specifically focused on the implementation of 2 CFR 200.331.

The Department will expand on this policy and procedure to include the development and implementation of a comprehensive subrecipient monitoring policies that clearly outline the process for identifying subawards, assessing the risk of noncompliance, and conducting monitoring activities based on those risks. These policies will be aligned with federal requirements and best practices to ensure consistency and accountability.

Proposed Completion Date: December 31, 2025



Office of the Secretary Department of Finance



P.O. Box 5234 CHRB, Saipan MP 96950

TEL: (670) 664-1100 FAX: (670) 664-1115

Finding No.: 2022-028
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Questioned Costs: \$33,815,438
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1&6:

The Department of Finance agrees with this finding. It is important to note that the issue occurred during FY22, a period marked by the transition from the legacy financial system (JDE) to the new Tyler Munis platform. During this time, processes for retaining and reconciling supporting documents had not been standardized, resulting in inconsistencies and a heightened risk of missing or improperly uploaded records.

Furthermore, the Program Manager previously responsible for overseeing this grant is no longer with the Department. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, which contributed to this finding. Nevertheless, the Department is committed to provide relevant supporting documentation upon request from the Grantor.

Proposed Completion Date: Ongoing

Condition 2-5, 7&8:

The Department of Finance respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Condition 9:

The Department of Finance agrees with the findings. Following the legal opinion from the CNMI Attorney General’s Office in August 2025, we secured all necessary documentation from the Municipality of Tinian to ensure proper recording and reconciliation of transactions in our financial system.

Proposed Completion Date: December 31, 2025



Office of the Secretary
Department of Finance



P.O. Box 5234 CHRFB, Saipan MP 96950

TEL: (670) 664-1100 FAX: (670) 664-1115

Finding No.: 2022-029
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Procurement and Suspension and Debarment
Questioned Costs: \$12,244,415
Contact Person(s): Tracy B. Norita, Secretary of Finance / Geraldine Cruz, Procurement Services Director
Corrective Action Plan:

Condition 1&3:

The Procurement Services Division agrees with this finding. The Division will revise CNMI's procurement regulations to ensure alignment with federal procurement standards as outlined in 2 CFR Part 200, particularly the small purchase threshold requirements and competitive procurement procedures.

Proposed Completion Date: Policy updates drafted by December 31, 2025 and adopted by March 31, 2026.

Condition 2&5:

The Procurement Services Division agrees with this finding. To address the lack of consistent verification of vendor eligibility under federal debarment and suspension requirements (2 CFR §180.300), a policy will be implemented requiring all agencies to submit debarment verification documentation at the time of vendor selection. Acceptable documentation may include (1) a printout or screenshot from the SAM.gov Exclusions database, confirming that the vendor is not debarred or suspended, (2) a signed certification from the vendor attesting to their eligibility, or (3) a signed contract clause or provision that explicitly states the vendor is not excluded from federal transactions and complies with applicable debarment regulations.

Procurement procedures and standard forms will be revised to include debarment verification as a mandatory step prior to any purchase approval involving federal funds.

Procurement Services will ensure that debarment verification documents are maintained in the official procurement file for each transaction involving federal funds.

Proposed Completion Date: October 1, 2025

Condition 4&6:

The Procurement Services Division respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the Division maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing



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P.O. Box 5234 CHRBS, Saipan MP 96950

TEL: (670) 664-1100 FAX: (670) 664-1115

Finding No.: 2022-030
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1-3:

The Department of Finance agrees with this finding. It is important to note that the issue occurred during FY22, a period marked by the transition from the legacy financial system (JDE) to the new Tyler Munis platform. During this time, processes for retaining and reconciling supporting documents had not been standardized, resulting in inconsistencies and a heightened risk of missing or improperly uploaded records.

Furthermore, the Program Manager previously responsible for overseeing this grant is no longer with the Department. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, which contributed to this finding. Nevertheless, the Department is committed to provide relevant supporting documentation upon request from the Grantor.

Proposed Completion Date: Ongoing.

Finding No.: 2022-031
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Subrecipient Monitoring
Questioned Costs: \$61,003,095
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1-3:

The Department of Finance agrees with this finding. The Department has recently adopted and approved (August 2025) a Subrecipient Monitoring Policy and Procedures which specifically focused on the implementation of 2 CFR 200.331.

The Department will expand on this policy and procedure to include the development and implementation of a comprehensive subrecipient monitoring policies that clearly outline the process for identifying subawards, assessing the risk of noncompliance, and conducting monitoring activities based on those risks. These policies will be aligned with federal requirements and best practices to ensure consistency and accountability.

Furthermore, due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline,



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Finding No.: 2022-031, continued
AL Program: 21.027 - Coronavirus State and Local Fiscal Recovery Funds
Area: Subrecipient Monitoring
Questioned Costs: \$61,003,095
Contact Person(s): Tracy B. Norita, Secretary of Finance
Corrective Action Plan:

Condition 1-3: continued resulting in this finding. However, the Department maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Finding No.: 2022-032
AL Program: 93.489/93.575/93.596 – CCDF Cluster
Area: Eligibility
Questioned Costs: \$43,100
Contact Person(s): Roselle Teregeyo, CCDF Co-Administrator/Accountant
Corrective Action Plan:

Condition 1:
For Case ID: 2827C, 2528C, 2936A, 2528B, 3062D: CCDF agrees with these findings.

To address these findings, effective October 2025, CCDF will not approve applicant/s Certificate of Confirmation without a current and valid work permit.

As of January 2025, CCDF Waitlist applications are no longer initially processed by one Eligibility Worker, waitlist applications must be assessed by two eligibility workers to ensure requirements and documents are met. For final approval CCDF waitlist applications are again cross checked by the Eligibility Supervisor to ensure all requirements and documentation are met.

CCDF Eligibility staff will assess client files and if needed, will request for current and valid work permits.

Proposed Completion Date: December 31, 2025

Condition 2:
CCDF agrees with this finding. To address these findings, effective October 2025, CCDF will not approve applicant/s Certificate of Confirmation without a current and valid work permit.

As of January 2025, CCDF Waitlist applications are no longer initially processed by one Eligibility Worker, waitlist applications must be assessed by two eligibility workers to ensure requirements



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Finding No.: 2022-032, continued
AL Program: 93.489/93.575/93.596 – CCDF Cluster
Area: Eligibility
Questioned Costs: \$43,100
Contact Person(s): Roselle Teregeyo, CCDF Co-Administrator/Accountant
Corrective Action Plan:

Condition 2: continued
 and documents are met. For final approval CCDF waitlist applications are again cross checked by the Eligibility Supervisor to ensure all requirements and documentation are met.

CCDF Eligibility staff will assess client files and if needed, will request for current and valid work permits.

Proposed Completion Date: December 31, 2025

Condition 3:
 CCDF agrees with this finding.
 For Case ID 3324B: Total overpayment to provider was \$300.00. CCDF will recoup the amount from the provider no later than December 2025.
 CCDF determined that the overpayment to provider is \$300.00. CCDF will recoup \$150.00 each month from the provider beginning November 2025 and the whole amount will be recouped by December 2025.
 As of August 2025, CCDF Provider payments are cross checked by the CCDF Accounting section. Additionally, effective October 1, 2025, CCDF Data Specialist will cross check provider payments to ensure base payment rates are applicable to each child based on the child’s age.

Proposed Completion Date: December 31, 2025

Finding No.: 2022-033
AL Program: 93.489/93.575/93.596 - CCDF Cluster
Area: Special Tests and Provisions – Health and Safety Requirements
Questioned Costs: \$1,757,352
Contact Person(s): Roselle Teregeyo, CCDF Co-Administrator/Accountant
Corrective Action Plan:

Condition 1:
 CCDF respectfully disagrees with this finding. In the middle of the Fiscal year, the CCDF Program transitioned to have the Quality Rating and Improvement System or QRIS perform the announced and unannounced visits. To allow the complete transition of the CCDF Certification and monitoring system, as independent from the Child Care Licensing Program, CCDF extended all expiration dates of CCDF Providers for an additional two months. This extension was given to all CCDF providers renewing from April 2022 to December 31, 2022. With the transition, CCDF



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Finding No.: 2022-033, continued
AL Program: 93.489/93.575/93.596 – CCDF Cluster
Area: Special Tests and Provisions – Health and Safety Requirements
Questioned Costs: \$1,757,352
Contact Person(s): Roselle Teregeyo, CCDF Co-Administrator/Accountant
Corrective Action Plan:

Condition 1: continued
allowed for providers to meet provider requirements in a year and were only subjected to an announced visit. Any non-compliance was noted, but supported to compliance through coaching. Effective October 1, 2022, all CCDF Providers are now subjected to announced and unannounced visits.

Proposed Completion Date: Completed

Condition 2:
CCDF respectfully disagrees with this finding. Based on our records, all providers met the annual training hours.

Proposed Completion Date: Ongoing

Finding No.: 2022-034
AL Program: 93.767 - Children’s Health Insurance Program
Area: Activities Allowed or Unallowed and Allowable Costs/Costs Principles
Questioned Costs: \$1,182,511
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

Condition 1:
The CNMI Medicaid Office respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Condition 2:
CNMI Medicaid Office cannot confirm to agree or disagree with the findings stated, as the information references case numbers without sufficient supporting detail. The office does not operate a Medicaid Management Information System (MMIS) and therefore cannot automatically retrieve data to link case numbers with the total benefits paid or questioned costs.



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Finding No.: 2022-034, continued
AL Program: 93.767 - Children’s Health Insurance Program
Area: Activities Allowed or Unallowed and Allowable Costs/Costs Principles
Questioned Costs: \$1,182,511
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

Condition 2: continued
Additionally, two of the three case numbers provided are associated with multiple individuals. Even if the case numbers were accurate and beneficiary names included, the office would still need to identify the provider(s) associated with the payments in question.

Claims data is maintained manually in Excel spreadsheets, consolidated across beneficiaries, and processed for payment through the MUNIS system using internally generated invoice numbers. These invoice numbers are not linked to specific beneficiaries.

Therefore, to properly evaluate the findings, the office would require not only the case number, but also the beneficiary’s full name and the corresponding MUNIS invoice number.

The office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Condition 3:
The CNMI Medicaid Office respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Finding No.: 2022-035
AL Program: 93.767 - Children’s Health Insurance Program
Area: Period of Performance
Questioned Costs: \$38,556
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

The CNMI Medicaid Office respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the



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Finding No.: 2022-035, continued
AL Program: 93.767 - Children’s Health Insurance Program
Area: Period of Performance
Questioned Costs: \$38,556
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Finding No.: 2022-036
AL Program: 93.767 - Children’s Health Insurance Program
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

Condition 1:

CNMI Medicaid Office respectfully disagrees with this finding. While CNMI Medicaid Office is not the designated entity for submitting SF-425 forms, we recognize the critical importance of these reports in the effective management of federal grant awards. To support overall compliance, the office will proactively coordinate with the submitting agency, the CNMI Department of Finance, by establishing stronger communication protocols. These will include scheduled reminders and regular check-ins with the assigned DOF representative to ensure SF-425 submissions are prioritized and completed ahead of quarterly reporting deadlines.

Proposed Completion Date: Ongoing

Condition 2:

CNMI Medicaid Office respectfully disagrees with this finding. It is unclear where the auditors obtained their reported figures. Based on CMA’s records previously provided to the auditors, the CMS-64 report, and the accounting records agree, with only a \$2 difference due to rounding. This alignment is based on the CMS-64 for FY22, Q3, as last revised on October 21, 2022.

Proposed Completion Date: Ongoing



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Finding No.: 2022-037
AL Program: 93.767 - Children’s Health Insurance Program
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$7,932,110
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

CNMI Medicaid Office respectfully disagrees with the finding. While the office did perform OIG exclusion list validation, screenshots were not captured for each individual check. It is important to note that the OIG Exclusion List portal’s search function is limited to on-screen viewing and does not provide a built-in option to print or export search results.

Additionally, the CMS access process for exclusion checks involves a rigorous background clearance, and only one personnel of three total successfully gained access.

CNMI Medicaid Office acknowledges that historically, limited personnel capacity has hindered full compliance with this requirement. However, efforts are currently underway to streamline and strengthen the exclusion verification process. The office is actively developing a fully functional Program Integrity Division that will be responsible for conducting and documenting OIG exclusion checks in a consistent and compliant manner moving forward.

Proposed Completion Date: Ongoing

Finding No.: 2022-038
AL Program: 93.778 - Medical Assistance Program
Area: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Questioned Costs: \$27,816,686
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

Condition 1:

The CNMI Medicaid Office respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing



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TEL: (670) 664-1100 FAX: (670) 664-1115

Finding No.: 2022-038, continued
AL Program: 93.778 - Medical Assistance Program
Area: Allowable Costs/Cost Principles
Questioned Costs: \$27,816,686
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

Condition 2:

The CNMI Medicaid Office respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Condition 3:

CNMI Medicaid Office respectfully disagrees with this finding. The agency currently does not have a Medicaid Management Information System (MMIS) in place to collect and accurately report comprehensive Benefits Paid data. All data processing is done manually, and information is maintained using Excel spreadsheets, which limits the ability to generate complete and reliable reports.

Additionally, the "Benefits Paid" data provided to the auditor does not include services covered under the Certified Public Expenditures (CPE) payments made to CHCC. Therefore, these records should not be used as the sole basis for evaluating program eligibility, total expenditures, or compliance with eligibility requirements.

However, the CNMI Medicaid Office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing



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TEL: (670) 664-1100 FAX: (670) 664-1115

Finding No.: 2022-039
AL Program: 93.778 - Medical Assistance Program
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

Condition 1:

The CNMI Medicaid Office respectfully disagrees with this finding for several reasons, including but not limited to the fact that the auditor’s calculation includes a separate funding source that should not have been attributed to the actual total. Additionally, the stated variances were addressed through prior period adjustments, which are reflected in the succeeding quarter(s). However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Finding No.: 2022-040
AL Program: 93.778 - Medical Assistance Program
Area: Special Tests and Provisions - ADP Risk Analysis and System Security Review
Questioned Costs: \$-0-
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

The CNMI Medicaid Office respectfully disagrees with this finding. Due to internal scheduling constraints and the compressed timeline required to complete the FY22 audit, the requested documents were not submitted by the specified deadline, resulting in this finding. However, the office maintains all relevant supporting documentation and is prepared to provide it upon request from the Grantor.

Proposed Completion Date: Ongoing

Finding No.: 2022-041
AL Program: 93.778 - Medical Assistance Program
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$3,640,189
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

The CNMI Medicaid Office respectfully disagrees with the finding. While the office did perform OIG exclusion list validation, screenshots were not captured for each individual check. It is



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Finding No.: 2022-041, continued
AL Program: 93.778 - Medical Assistance Program
Area: Special Tests and Provisions - Provider Eligibility (Screening and Enrollment)
Questioned Costs: \$3,640,189
Contact Person(s): Geroge J. Cruz, Medicaid Director
Corrective Action Plan:

important to note that the OIG Exclusion List portal’s search function is limited to on-screen viewing and does not provide a built-in option to print or export search results.

Additionally, the CMS access process for exclusion checks involves a rigorous background clearance, and only one personnel of three total successfully gained access.

The CNMI Medicaid Office acknowledges that historically, limited personnel capacity has hindered full compliance with this requirement. However, efforts are currently underway to streamline and strengthen the exclusion verification process. The office is actively developing a fully functional Program Integrity Division that will be responsible for conducting and documenting OIG exclusion checks in a consistent and compliant manner moving forward.

Proposed Completion Date: January 1, 2027

Finding No.: 2022-042
AL Program: 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Area: Period of Performance
Questioned Costs: \$423,234
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 1:

1. Regarding the finding related to DR4235MP, PW 95, the Public Assistance Office **agrees** that the liquidation was processed after the liquidation deadline.
2. Regarding the finding related to DR4396MP, PW 4, the Public Assistance Office **disagrees** with this finding. Liquidation was done prior to the closeout deadline of December 31, 2022.
3. Regarding the finding related to DR4511MP, PW 27, the Public Assistance Office **disagrees** with this finding. Liquidation was done prior to the closeout deadline of June 30, 2025.
4. Regarding the finding related to DR4511MP, PW 8, the Public Assistance Office **disagrees** with this finding. Liquidation was done prior to the closeout deadline of June 30, 2025.

As of Fiscal Year 2024, the Public Assistance Office initiates drawdown requests, allowing for more timely processing. The office will implement better financial monitoring procedures to ensure obligations are liquidated within the required liquidation period. Staff will also be refreshed on liquidation requirements to ensure compliance. When delays are anticipated, the office will



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Finding No.: 2022-042, continued
AL Program: 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Area: Period of Performance
Questioned Costs: \$423,234
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 1: continued
coordinate with subrecipients and promptly request necessary time extension approvals from Grantor to maintain compliance.

Proposed Completion Date: Ongoing

Condition 2:
The Public Assistance Office respectfully disagrees with this finding.

- Regarding the finding related to DR4235MP, PW 49, the Public Assistance Office disagrees with this finding. The invoice was dated and recorded after the period of performance (June 30, 2022), but date of actual work completed as shown on the Megger Test was May 20, 2022. The Public Assistance Office acknowledges that the record of the Megger Test had not been submitted to the auditors when submitting documentation.

The Public Assistance Office will continue to exercise diligence in reviewing project documentation to ensure that all work is verified and completed prior to payment/reimbursement. The office will continue to monitor performance timelines to confirm that work is completed on or before the established period of performance deadlines. This process will include periodic internal reviews and coordination with subrecipients to ensure compliance. When delays are anticipated, the office will coordinate with subrecipients and promptly request necessary time extension approvals from Grantor to maintain compliance.

Proposed Completion Date: Ongoing

Finding No.: 2022-043
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:

Condition 1:
The Public Assistance Office agrees with this finding and is aware of the need to submit the Federal Funding Accountability and Transparency Act (“FFATA”) reports.



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Finding No.: 2022-043, continued
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:

Condition 1: continued

The Public Assistance Office will continue to work on gaining access through SAM.gov to ensure timely reporting of all subawards to FFATA/SAM.gov. As of September 2025, the Public Assistance Office has continued to attempt to gain access to enter these reports. Should the Public Assistance Office be granted access and necessary permissions to FFATA/SAM.gov, the Compliance and Audit Manager will input all previously unreported FFATA subaward data.

Proposed Completion Date: December 31, 2025

Finding No.: 2022-044
AL Program: 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Area: Subrecipient Monitoring
Questioned Costs: \$1,540,330
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 1:

The Public Assistance Office agrees with this finding and acknowledges that, as the pass-through entity, we are responsible for monitoring subrecipients.

The Public Assistance Office will strengthen monitoring procedures to ensure compliance with 2 CFR 200.332(e). Beginning September 2025, PAO has begun conducting biannual risk assessments. The PAO will also strengthen documentation and audit trails by maintaining monitoring checklists, review notes, and communications in subrecipient files.

Proposed Completion Date: Ongoing

Condition 2:

The Public Assistance Office agrees with this finding and acknowledges that, as the pass-through entity, we are responsible for monitoring subrecipients.

The Public Assistance Office will strengthen monitoring procedures to ensure compliance with 2



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Finding No.: 2022-044, continued
AL Program: 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Area: Subrecipient Monitoring
Questioned Costs: \$1,540,330
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 2: continued
 CFR 200.332(g). Beginning September 2025, PAO has begun conducting biannual risk assessments.

Proposed Completion Date: Ongoing

Finding No.: 2022-045
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Allowable Costs/Cost Principles
Questioned Costs: \$99,924
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

The Hazard Mitigation Grant Program (HMGP) agrees with this finding. During the audit submission process, HMGP provided the support documents for the journal entries and reversals associated with the \$99,923.27 to the auditor, as requested. However, it was only upon receiving this audit finding # 2022-049, that the discrepancy of a duplicate audit drawdown was called into question. HMGP’s ledger for this project as well as the Munis drawdown history does not indicate a remaining balance of \$99,923.73 and the project related to this finding has already been closed out. To address this audit finding that HMGP received this last week on September 17th, HMGP reached out to the Department of Finance to provide related documents for the drawdowns. Based on the documents provided by DOF, the questioned cost was not a direct result of the duplicate drawdown but as a result of the reverse journal entries made by Tyler Munis staff in an effort to correct the duplicate drawdown.

HMGP accurately completed all required steps to process and provided the necessary justification to process a total of \$99,923.73 for professional services and submitted it to DOF. Based on the supporting documents, the \$99,923.73 was comprised of:

- \$53,451.01- under Request for Payment Application #11, letter reference # GAR22-HM-005 received by DOF on 10/18/2021 and requested to be charged to M142352.62060.
- \$46,472.72- under Request for Payment Application #12, letter reference # GAR22-HM-031 received by DOF on 11/05/2021 and requested to be charged to M142352.62060.

Both HMGP payment application requests show the project string was meant to be charged to 62060 which stands for Professional Services and was submitted to DOF for processing. Since the



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Finding No.: 2022-045, continued
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Allowable Costs/Cost Principles
Questioned Costs: \$99,924
Contact Person(s): Patrick Guerrero, Governor's Authorized Rep., PAO
Corrective Action Plan:

new Munis financial system portal was launch in the CNMI a month prior, HMGP personnel were not able to enter transactions directly, unlike the current process. However, when the transaction was processed on Munis, it was entered in by a Tyler Munis representative, as identified by the staff initials SMD, who was assigned to assist DOF employees with data input during the transition period and, according to the Munis transaction history, accidentally entered the debit for the \$99,923.27 under the Construction project string instead of Professional Services on 12/2/2021. On 12/13/2021, SMD credited the \$99,923.27 back to Construction and debited \$99,923.27 to Professional Services with Journal entry # 2125. The Munis transaction history also shows various entries and reversals made under the project account that serve to correct the same journal error. HMGP personnel would not be able to review the transactions entered prior to posting, and based on the transaction logs, even after the transactions were posted, HMGP would see that those involved in processing the transactions corrected their errors. Additionally, the supporting documents associated with the drawdowns on Munis display a bank statement with a lumpsum total of various project accounts. Furthermore, most of the journal entries during the time in question either contained the same supporting documents or indicated "access denied" when selected by HMGP personnel with Munis access. The document provided to HMGP on 9/24/2025 indicated the final two transactions related to this expense was entered by Tyler Munis staff on August of 2022. In an effort to reverse the duplicate drawdowns that occurred in Professional Services, SMD reversed the \$99,923.27 from professional services labeled as "REV JE 2125 DONE IN ERROR". Journal Entry (JE) 2125 refers to the debit they initially made on 12/13/2021. This credit effectively canceled out and corrected one of the two drawdowns that occurred within the Professional Services Project String.

However, on the same day, SMD made a second journal entry reversal under the Construction project string with an identical PA journal comment ""REV JE 2125 DONE IN ERROR."" It is unclear as to why this transaction occurred given that original error under construction was made and corrected on December 2021. Since this incorrect journal entry was made as a debit to construction and the correct journal entry was made as a credit to professional services, the net draw would have been \$0. Since \$0 worth of funds were paid out and no check was cut as a result, this additional debit would not have been conspicuous to HMGP or the DOF staff.

HMGP is prepared to provide the additional documentation upon request. Additionally, acknowledging that the second debit to construction in August of 2022 for \$99,923.73 was recorded and was not corrected for this project, HMGP will work with DOF to correct the journal entry and return the funds to FEMA.



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Finding No.: 2022-045, continued
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Allowable Costs/Cost Principles
Questioned Costs: \$99,924
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

To address the finding, a significant action step already taken is the transition that occurred in 2024 for agencies to initiate their own drawdowns. This drawdown process ensures HMGP’s direct oversight of all expenditures moving forward to reduce the risk of future duplications. HMGP created an internal drawdown tracker upon DOF’s transition to agency-initiated drawdown requests for 2024 expenses to present. HMGP will work with DOF to correct the journal entry on Munis in relation to the questioned cost and process the return of funds to FEMA. HMGP will create a tracker for all requested transactions made to DOF, such as reversals or corrections if needed as that function cannot be completed on Munis by HMGP. HMGP will review the tracker on a bi-weekly basis to ensure that all MUNIS journal entries and transfers related to HMGP to ensure expenditures are completed accurately and on a timely basis to avoid future misclassifications or duplications. HMGP will continue to ensure that all payments are correctly coded and submitted into Munis with the appropriate documentation and supporting details. HMGP will update the financial management portion of the HMGP standard operating procedures to reflect these action items.

Proposed Completion Date: September 30, 2026

Finding No.: 2022-046
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Cash Management
Questioned Costs: \$2,687,277
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 1:

HMGP respectfully disagrees with this finding. According to 31 CFR part 205, which is the default procedure if a Treasury-State Agreement (TSA) is not formally in effect, it is permissible and standard practice for a reimbursement check to clear after the disbursement request date, provided the subrecipient has submitted proof of prior payment with local funds.

All checks in the samples tested are from local funds and all documents attached verified the expenses. Reimbursable funding is a recognized funding technique under 31 CFR 205.12(b)(e). This technique means that a Federal Program Agency transfers federal funds to a state after that state has already paid out the funds for Federal assistance program purposes and provided all necessary documentation.



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Finding No.: 2022-046, continued
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Cash Management
Questioned Costs: \$2,687,277
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 1: continued

HMGP’s process operates under this reimbursement methodology: subrecipients incur costs using local funds first, then submit required documentation to HMGP for reimbursement. Consequently, the timing of reimbursement payments clearing after the request date is an inherent and necessary characteristic of this system.

In absence of the TSA, the CNMI adheres to this prescribed default and the reimbursement method procedures are acceptable under the default. All expenses were processed, recorded, and supported by documentation and shows that the expense has initially been paid by non-federal, local government funds, had been processed through Munis on a reimbursement basis, and was processed no later than 30 calendar days after the reimbursement request was received.

The finding suggests a deficiency, HMGP’s procedures are standard and compliant practice when operating under a reimbursement system and the default procedure.

Although HMGP does believe that the current process meets federal and FEMA requirements, HMGP will develop and document a formal written procedure clearly outlining the expenditure timing process under the reimbursement system. This procedure will explain how costs are verified as incurred and demonstrate compliance with applicable federal and FEMA standards for fund control and accountability. Provide additional clarification and support documents to the auditor, if requested.

Proposed Completion Date: September 30, 2025.

Finding No.: 2022-047
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Patrick Guerrero, Governor’s Authorized Rep., PAO
Corrective Action Plan:

Condition 1:

HMGP agrees with this finding. HMGP acknowledges that this FFATA reporting condition was not addressed during the time period under review. However, HMGP became aware of the issue during a previous audit and have since been working to implement corrective measures. An action already taken for HMGP includes reaching out to the Public Assistance Office who had already begun the process of obtaining the necessary permissions on the FFATA Subaward Reporting System (FSRS) online submission portal to assign a designated administrator for our programs.



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Finding No.: 2022-047, continued
AL Program: 97.039 - Hazard Mitigation Grant Program
Area: Reporting
Questioned Costs: \$-0-
Contact Person(s): Patrick Guerrero, Governor's Authorized Rep., PAO
Corrective Action Plan:

Condition 1: continued
The next action steps are:

- To continue to work with the Governor's office staff at to gain access through SAM.gov to ensure timely reporting of all subawards to FFATA/SAM.gov.
- To establish adequate policies and procedures within HMGP's standard operating procedures for the preparation and submission of FFATA reports to the FSRs.

Once HMGP is provided with the necessary guidance and submission access on the FSRs, HMGP will promptly establish written internal controls to prevent any future non-compliance. HMGP understands that although the action steps taken to meet FFATA reporting compliance is actively underway, each subsequent Fiscal Year will unfortunately reflect a lack of FFATA submissions until the process is resolved and implemented.

Proposed Completion Date: September 30, 2026



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENTS FINDINGS

FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2021				
2021-001	General Ledger and Financial Statement Close Process	Partially Corrected	Bernadita Palacios, Financial Services Division Director	February 2025: Procedures were developed and implemented in FY24 and applied to FY23 year-end closing activities. We anticipate this finding to be resolved in the FY23 audit and forward.
2021-002 2020-022 2019-014 2014-016 2012-20 2011-20	Schedule of Expenditures of Federal Awards	Partially Corrected	Ryan Camacho / Pam Marigmen, Secretary of Finance Office	<p>February 2025: Procedures were developed and implemented in FY24 and applied to FY23 year-end closing activities. We anticipate seeing significant improvements to this process and are expecting this finding to be resolved in FY24 audit and forward.</p> <p>2021-002: <u>Cause:</u> The CNMI did not effectively perform controls over the preparation of the SEFA and monitoring over program expenditures. <u>CAP:</u> 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.</p> <p>2020-022: <u>Cause:</u> The CNMI does not appear to have been aware of and did not implement applicable regulations. Also, the CNMI lacks monitoring controls over the accuracy and completeness of the SEFA. <u>CAP:</u> 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> <p>2019-014: <u>Cause:</u> The CNMI lacks awareness of applicable regulations. <u>CAP:</u> The CNMI agrees with the finding and will provide training on the preparation of the SEFA in accordance with the Uniform Guidance.</p> <p>2014-016: <u>Cause:</u> The cause is the lack of awareness and incorporation of applicable regulations. <u>CAP:</u> We will review SEFA preparation procedures in order to meet federal requirements. The lack of adequate accounting personnel within DOF contributed to the finding. Staff training is ongoing to fill in gaps cause by the loss of key personnel.</p> <p>2012-20: <u>Cause:</u> The cause is the lack of awareness and incorporation of applicable regulations. <u>CAP:</u> The lack of adequate accounting personnel within DOF contributed to this finding. Staff training is ongoing to fill in gaps cause by the loss of key personnel.</p> <p>2011-20: <u>Cause:</u> The cause is the lack of awareness and incorporation of applicable regulations. <u>CAP:</u> We agree with the finding and will reconcile the SEFA to the general ledger in the future.</p>



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENTS FINDINGS

FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2021-003 2020-002 2019-002 2017-003 2016-003 2015-004	Cash and Cash Equivalents	Ongoing	Connie Agulto, Treasurer / Bernadita Palacios, Financial Services Division Director	<p>July 2025: The Recon SOP and the Cash Management Manual is expected to be completed by 9/30/25. Implementation of these SOPs will be in FY26.</p> <p>2021-003: <u>Cause:</u> The CNMI did not adhere to policies and procedures related to timely preparing bank reconciliations, to updating bank account authorized signatories, to assessing negative cash accounts, and to reconciling cash clearing accounts for adjustment at fiscal year end. <u>CAP:</u> 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.</p> <p>2020-002: <u>Cause:</u> The CNMI did not adhere to policies and procedures related to timely preparing bank reconciliations, to updating bank account authorized signatories, to assessing negative cash accounts, and to reconciling cash clearing accounts for adjustment at fiscal year end. <u>CAP:</u> The 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>



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENTS FINDINGS

FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
				<p>2019-002: <u>Cause:</u> The CNMI did not adhere to policies and procedures related to timely preparing bank reconciliations, to updating bank account authorized signatories, to assessing negative cash accounts, and to reconciling cash clearing accounts for adjustment at fiscal year end. <u>CAP:</u> Condition 1: Bank Code 11401 does not have any transactions during FY2019. Bank Code 11410 does not have any transactions during FY2019. Account 1010.11410 (BOH Special Disability) was closed on 07/26/2018 as described in JE 20701. Funds were deposited into BOG acct *4932 and into 1010.11411. For bank code 11431, bank reconciliations are not currently being done at DOF. Bank reconciliations 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. Condition 2: Bank Code 15050 does not have any transaction during FY2019. DOF will conduct a review of accounts to include 11628 and determine appropriate actions. Conditions 3: DOF accepts the proposed audit adjustments of \$3,858,796. DOF will conduct a review and determine appropriate actions. Conditions 4&5: DOF will review the accounts and make the necessary adjustments. Condition 6: DOF accepts the proposed audit adjustment. Management will improve process to correct entries.</p> <p>2017-003/2016-003: <u>Cause:</u> The CNMI did not adhere to policies and procedures related to timely preparing bank reconciliations, to updating bank account authorized signatories, to assessing negative cash accounts, and to reconciling cash clearing accounts for adjustment at fiscal year end. <u>CAP:</u> 1. An update signature card for the new authorized signers are completed and will be submitted in FY2018. 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 FY17, and the reconciliation of similar accounts are to be completed in a timely manner.</p>
				<p>2015-004: <u>Cause:</u> The CNMI did not adhere to policies and procedures related to timely preparing bank reconciliations, to updating bank account authorized signatories, to assessing negative cash accounts, and to reconciling cash clearing accounts for adjustment at fiscal year end. <u>CAP:</u> DOF acknowledges this finding and will reconcile and clear all cash accounts before the end of the fiscal year. They will also work towards timely reconciliation in order to meet monthly and year end deadlines.</p>



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FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2021-004 2020-019 2019-011 2018-012 2017-013 2016-012 2015-012 2014-013	CNMI Workers' Compensation Commission	Ongoing	Francisco Cabrera, Secretary of Commerce, Department of Commerce	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2021-004: <u>Cause:</u> The CNMI lacks coordination over the transfer of WCC accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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.</p> <p>2020-019: <u>Cause:</u> The CNMI lacks coordination over the transfer of WCC accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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. OMB will coordinate the journal entry to transfer excess expenditure in business unit I17CID. OMG 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> <p>2019-011/2018-012/2017-013: <u>Cause:</u> The CNMI lacks coordination over the transfer of WCC accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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.</p> <p>2016-012/2015-012: <u>Cause:</u> The CNMI lacks coordination over the transfer of WCC accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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.</p>
				<p>2014-013: <u>Cause:</u> The CNMI lacks coordination over the transfer of WCC accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> We agree with the recommendations and have established the accounting structure for WCC. Bank reconciliations will be incorporated into the regular reconciliation process. We will review current CNMI investment policies as they apply to WCC.</p>



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FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2021-005 2020-012	Net Pension Liability	Ongoing	Ryan Camacho / Pam Marigmen, Secretary of Finance Office	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2021-005: <u>Cause:</u> Actuarial valuations were not obtained. <u>CAP:</u> 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.</p> <p>2020-012: <u>Cause:</u> The CNMI is in noncompliance with GASB Statement Nos. 68 and 73 required schedules applicable for fiscal year ended September 30, 2020. <u>CAP:</u> 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>
2021-006 2020-001 2019-001 2018-001 2017-002 2017-001 2016-002 2016-001 2015-002 2015-001 2014-001	External Financial Reporting	Partially Corrected	Dora Deleon Guerrero, OPA	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2021-006: <u>Cause:</u> The CNMI did not obtain audited financial statements from aforementioned component units. <u>CAP:</u> 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.</p> <p>2020-001/2019-001/2018-001 (CHCC): <u>Cause:</u> The CNMI did not obtain audited financial statements from aforementioned component units. <u>CAP:</u> The Department of Finance, Office of the Public Auditor, and Grants Management Office are continuing to work together to explore methods to improve the timeliness of the Component Unit's audits so that they may be included in the Single Audit.</p> <p>Partial Close (To remove NMISF however there are other CU's that are part of these findings): 2020-001/2017-001/2016-001 Full Close (Finding specifically on NMISF): 2017-002/2016-002/2015-002/2015-001/2014-001 The Northern Mariana Islands Settlement Fund (NMISF) has been removed as a component unit per the letter dated April 3, 2023 and addressed to James Whitt, Executive Director, Ernst & Young LLP. Therefore these findings can be deemed closed/resolved.</p>



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FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2021-007 2020-010 2016-006	Interfund Transactions and Balances	Ongoing	Ryan Camacho / Pam Marigmen, Secretary of Finance Office	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2021-007: <u>Cause:</u> The CNMI did not apply monitoring controls over interfund transactions and balances and monitoring controls over transfers in and transfers out. <u>CAP:</u> 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.</p> <p>2020-010: <u>Cause:</u> The CNMI did not effectively apply monitoring controls over interfund transactions and balances. <u>CAP:</u> 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> <p>2016-006: <u>Cause:</u> The CNMI failed to track specific funds received, lacks a plan to repay such funds, and lacks available cash to fund repayments. <u>CAP:</u> 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.</p>



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FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2021-008 2020-014 2019-009 2018-010 2017-009 2016-010 2015-010 2014-011 2013-011 2012-16 2011-18 2010-15 2009-18	Beginning Fund Balances	Ongoing	Ryan Camacho / Pam Marigmen, Secretary of Finance Office	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2021-008: <u>Cause:</u> The CNMI did not monitor accuracy of posting all prior year audit adjusting journal entries. <u>CAP:</u> 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 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.</p> <p>2020-014: <u>Cause:</u> The CNMI lacks policies and procedures to monitor recorded encumbrance reserves and lacks adequate file maintenance. <u>CAP:</u> The CNMI agrees with the recommendation and that the responsible DOF personnel should provide supporting documents 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> <p>2019-009/2018-010: <u>Cause:</u> The CNMI lacks policies and procedures to monitor recorded encumbrance reserves and lacks adequate file maintenance. <u>CAP:</u> General Fund 1: DOF accepts the proposed audit reclassification. Contract was not materialized as there was no response from the AG's officer regarding this contract. DOF will review outstanding encumbrances. Grants Assistance Fund: DOF accepts the proposed audit reclassification. DOF will review outstanding encumbrances. The contract process was not completed as DOF was not informed of the outcome. DOF will review for de-obligation. Contract was not materialized as there was no response from the AG's office and the Office of the Governor. Saipan Amusement Fund: DOF accepts the proposed audit reclassification. DOF will review outstanding encumbrances. Other Governmental Funds: DOF accepts the proposed audit reclassification. DOF will review outstanding encumbrances.</p>



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FISCAL YEAR: September 30, 2022

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				<p>2017-009: <u>Cause:</u> The CNMI lacks policies and procedures to monitor recorded encumbrance reserves and lacks adequate file maintenance. <u>CAP:</u> CNMI agrees with all proposed audit adjustments. The cash management plan implemented in the latter part of FY17 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.</p> <p>2016-010: <u>Cause:</u> The CNMI lacks policies and procedures to monitor recorded encumbrance reserves and lacks adequate file maintenance. <u>CAP:</u> General Fund 1: DOF has informed the auditor that this testing/finding is invalid as DOF did not receive a request for such documents. Grant 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 the 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.</p> <p>2015-010: <u>Cause:</u> The CNMI lacks policies and procedures to monitor recorded encumbrance reserves and lacks adequate file maintenance. <u>CAP:</u> We agree that encumbrances need to be reviewed and adjusted. Technical assistance has been requested and additional staff will be hired to address this issue. Many of the encumbrances that are references in this finding are very old or otherwise encumbered for CIP and non-lapsing accounts. The technical assistance to address system limitations that prevent correction of this issue will address this long standing issue and the additional staffing will ensure proper entry and reduce, if not prevent, future occurrences of this issue.</p> <p>2014-011/2013-011/2012-16/2011-18/2010-15/2009-18: <u>Cause:</u> The CNMI lacks policies and procedures to monitor recorded encumbrance reserves and lacks adequate file maintenance. <u>CAP:</u> We agree that encumbrances need to be reviewed and adjusted and we are in the process of reviewing and correcting these balances, including reconciling advance payments and travel encumbrances with the outstanding advance accounts. <u>Prior Year Status:</u> The lack of policies and procedures to monitor recorded reserves for encumbrances and inadequate file maintenance was reported as findings in the Audits for fiscal years 2009 through 2013.</p>



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2021-009	Capital Assets	Ongoing	Brien Nicholas, Acting Director, Procurement Services / Ryan Camacho/Pam Marigmen, Secretary of Finance Office	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>FY21 CAP: 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>



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2021-010 2020-021 2019-013 2018-014 2017-015 2016-013 2015-013 2014-015 2013-013 2012-18 2011-21 2010-16 2009-19 2008-16 2007-11	CNMI Local Noncompliance	Ongoing	Ryan Camacho / Pam Marigmen, Secretary of Finance Office	<p>July 2025: Finding remains open however we do anticipate this finding to be resolved in FY26.</p> <p>2021-010: <u>Cause:</u> The CNMI authorized expenditures in excess of budget allocations. <u>CAP:</u> 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.</p> <p>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.</p> <p>2020-021: <u>Cause:</u> The CNMI authorized expenditures in excess of budget allotments. <u>CAP:</u> Responsible DOF personnel should examine issues attendant to the over expenditures and should assess the propriety of budgeted levels</p> <p>2019-013/2018-014/2017-015: <u>Cause:</u> The CNMI authorized expenditures in excess of budget allotments. <u>CAP:</u> 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, it is anticipated that revenue will continue to rise to address the areas where 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.</p>
				<p>2016-013/2015-013: <u>Cause:</u> The CNMI authorized expenditures in excess of budget allotments. <u>CAP:</u> 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 responsible for 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 within their operating budget.</p> <p>2014-015/2013-013/2012-18/2011-21/2010-16/2009-19/2008-16/2007-11: <u>Cause:</u> The CNMI authorized expenditures in excess of budget allotments. <u>CAP:</u> The CNMI agrees with this finding. Adjusting entries are needed for many of these balances. Balances need to be adjusted to record the correct year of payment and remove legislative mandates such as hotel occupancy and beverage container taxes that are mandated by law, but are not part of the budget appropriation. Prior Year Status: Expenditures in excess of budget allotments was reported as a finding in the CNMI Single Audits for fiscal years 2000 through 2013.</p>



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2021-011 2020-009 2019-008 2018-009	Due to Component Units	Ongoing	Ryan Camacho / Pam Marigmen, Secretary of Finance Office	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2021-011: <u>Cause:</u> No timely reconciliations with component units were performed. <u>CAP:</u> 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 discussion with several units to establish agreed-upon final balances that will serve as our reference moving forward.</p> <p>2020-009/2019-008/2018-009: <u>Cause:</u> The cause of the above condition is a lack of reconciliation of balances with component units. <u>CAP:</u> DOF will accept the audit adjustments based on the audited financial statements to each of the financial reports. DOF will work with the CUs to develop a systematic approach to reconcile differences in a timely manner.</p>



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2020				
2020-003 2019-003 2017-004 2016-004 2015-005 2014-005	Receivables	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Velma Palacios, Program Director, NMI Retirement Fund	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2020-003: <u>Cause:</u> The CNMI lacks policies and procedures to identify, record, and reconcile valid receivables and lacks written documentation to substantiate the transfer of receivables. <u>CAP:</u> The CNMI agrees with the recommendation. 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> <p>2019-003/2017-004/2016-004: <u>Cause:</u> The CNMI lacks policies and procedures to identify, record, and reconcile valid receivables and lacks written documentation to substantiate the transfer of receivables. <u>CAP:</u> 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> <p>2015-005/2014-005: <u>Cause:</u> The cause of the above condition is the lack of established policies and procedures to identify, record and reconcile valid receivables and the lack of written documentation supporting the transfer of receivables. <u>CAP:</u> Staff have been hired by NMIRF to address the outstanding issued that have been pending since the separation of NMIRF and NMISF. Work is ongoing to not only establish policies and procedures related to these outstanding receivables, but also to obtain details of these receivables and determine collectability.</p>



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2020-004 2019-004 2018-005 2017-005 2016-005 2015-006 2014-006	Receivables - OPA Fees	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, David Blake, Audit Manager, Office of the Public Auditor.	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2020-004: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> 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> <p>2019-004/2018-005/2017-005: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> The component units dispute the receivables. The Department of Finance will engage with the component units to determine the collectability of prior years.</p> <p>2016-005/2015-006: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> OPA will provide reports on receivables to DOF on a regular basis to allow 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 in arrears. OPA, OAG, and DOF will work on draft legislation to ensure that all agencies comply with the mandated 1%.</p> <p>2014-006: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> On June 12, 2015, OPA issued a letter to resolve some areas that had developed in attempts by OPA to collect on the 1% owed. In this letter, OPA stated that unobligated balances in the OPA budget revert to the General Fund and therefore, collection efforts on arrears become the responsibility of the Central Government. OPA also stated that the arrears could be used to partially offset the amounts owed by the CNMI to CUC, as had been done in 2003 via an MOA with CUC. OPA further stated that there was ambiguity in the language of the law and they will be working on legislation to clarify these ambiguities. In that same letter, OPA assigned all rights, if any, to the arrears of DOF. DOF is currently reviewing this letter and will collaborate with OPA and the Office of the Attorney General to determine collectability of all arrears due to the CNMI. Further, DOF will also work with OPA on the legislation to ensure that agencies comply with the law and the mandated 1%.</p>



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2020-005	Advances	Partially Corrected	Tracy B. Norita, Secretary of Finance, Department of Finance, Bernadita Palacios, Director, Division of Finance & Accounting	<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 2019-005 2018-006 2017-006 2016-007 2015-007 2014-008 2013-008 2012-13 2011-15 2010-12 2009-15 2008-12 2007-9	Tax Rebates Payable	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Daniel Alvarez, Acting Director, Dept. of Revenue & Taxation	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2020-006: <u>Cause:</u> The CNMI lacks periodic review of rebate payable reports to determine the accuracy and completeness and lacks policies and procedures to assess the reasonableness of estimated rebates payable. Further, the CNMI lacks compliance with Public Law 9-22 relating to interest calculations on tax overpayments. <u>CAP:</u> 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 does not agree to this finding as we have determined the taxpayer was correctly paid based on the claim on Schedule 8812 - Credits for Qualifying Children and Other Dependents. However, DRT agrees 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.</p> <p>2019-005: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> The CNMI agrees with the recommendation and will work with the Division of Revenue & 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 liability indicated on the tax forms. Variances, if any, shall be investigated, monitored, documented, and timely addressed.</p> <p>2018-006: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> For unpaid tax year 2017 and prior: a) The requested tax returns were unable to be located due to damage to the file storage facility cause by Super Typhoon Yutu. DRT 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. b) DRT - Compliance Branch is currently developing internal standard procedures to properly review returns for completeness prior to data entry.</p>



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				<p>2017-006/2016-007: <u>Cause:</u> The CNMI lacks policies and procedures to reconcile receivables and to assess collectability. <u>CAP:</u> 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 FY2018. 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.</p> <p>2015-007: <u>Cause:</u> The CNMI lacks periodic review of rebate payable reports to determine the accuracy and completeness and lacks policies and procedures to assess the reasonableness of estimated rebates payable. Further, the CNMI lacks compliance with Public Law 9-22 relating to interest calculations on tax overpayments. <u>CAP:</u> Procedures are in place to address these issues. DRT is actively recruiting personnel to fill much needed vacancies to address tax issues including accuracy and completion of tax reporting's which will in turn improve data entry, reconciliation and reporting by the Division. Personnel hired will also address record retentions issues and increase efficiency and effectiveness of the Division. To address the issue of policies and procedures, each section of the Division will consolidate their policies and procedures in one centralized location.</p> <p>2014-008/2013-008/2012-13/2011-15/2010-12/2009-15/2008-12/2007-9: <u>Cause:</u> The CNMI lacks periodic review of rebate payable reports to determine the accuracy and completeness and lacks policies and procedures to assess the reasonableness of estimated rebates payable. Further, the CNMI lacks compliance with Public Law 9-22 relating to interest calculations on tax overpayments. <u>CAP:</u> In fiscal year 2009, DRT implemented a rebate payable review procedure. Currently, technical personnel conduct review at least twice a year. The review of the summary and detailed reports includes tracing of amounts and verification of totals. In addition, samples are judgmentally selected for tracing to the tax return. As part of DRT's payable processing routines, the CNMI Tax System software is designed to compare the summary of tax liabilities against the summary of all payment credits and the recorded rebate payable to determine any significant discrepancy based on established threshold amounts. A report can be generated and the examination branch is tasked to conduct the review. <u>Prior Year Status:</u> A lack of detailed reports supporting analysis performed and a lack of compliance with Public Law 9-22 relating to interest calculation on tax overpayments was reported as a finding in the CNMI Single Audits for fiscal years 2004 through 2013.</p>



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2020-008 2019-007 2017-008 2016-009 2015-009 2014-010 2013-010 2012-15 2011-17 2010-14 2009-17 2008-15	Compensated Absences	Ongoing	Bernadita Palacios, Financial Services Division Director	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2020-008: <u>Cause:</u> The CNMI lacks adequate procedures and controls to determine that accrued annual leave is reviewed for validity and lacks timely updates of payroll records. <u>CAP:</u> 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> <p>2019-007: <u>Cause:</u> The CNMI lacks adequate procedures and controls to determine that accrued annual leave is reviewed for validity and lacks timely updates of payroll records. <u>CAPS:</u> 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.</p> <p>2017-008 <u>Cause:</u> The CNMI lacks adequate procedures and controls to determine that accrued annual leave is reviewed for validity and lacks timely updates of payroll records. <u>CAP:</u> 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 adjustments. They also have been reviewing the compensated absences payable and will continue to review these balances on a regular basis.</p> <p>2016-009: <u>Cause:</u> The CNMI lacks adequate procedures and controls to determine that accrued annual leave is reviewed for validity and lacks timely updates of payroll records. <u>CAP:</u> 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.</p>



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				<p>2015-009: <u>Cause:</u> The CNMI lacks adequate procedures and controls to determine that accrued annual leave is reviewed for validity and lacks timely updates of payroll records. <u>CAP:</u> DOF will establish a calendar of review of these leave balances and ensure timely update of payroll records. DOF will also record valid charges in compensated absences payable on a more frequent basis.</p> <p>2014-010/2013-010/2012-15/2011-17/2010-14/2009-17/2008-15: <u>Cause:</u> The CNMI lacks adequate procedures and controls to determine that accrued annual leave is reviewed for validity and lacks timely updates of payroll records. <u>CAP:</u> Review of leave balances is underway to determine validity of balances in the system. CNMI regulations require DOF to maintain leave balances for a specific period of time in the event that former employees return to government service. Adjustments are also necessary for those with excess of maximum balances which will be transferred to sick leave on an annual basis. We agree with the audit adjustments above. <u>Prior Year Status:</u> The lack of adequate procedures and controls to determine that accrued annual leave balances are reviewed for validity and the lack of timely updating of payroll records was reported as a finding in the CNMI Single Audits for fiscal years 2008 through 2013.</p>
2020-011	Other Liabilities and Accruals	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Connie Agulto, CNMI Treasurer	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <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>
2020-013	Interim Pension Obligation Bond	Partially Corrected	Tracy B. Norita, Secretary of Finance, Department of Finance, Connie Agulto, CNMI Treasurer	<p>March 2025: Conditions (a) & (c) have been resolved and condition (b) remains open. For condition (b), pending updates from Treasury (Connie) on the reconciliation documents to close out this finding. Additionally, the Department of Finance recently developed a Debt Management Policy and Procedures which is currently being reviewed prior to its approval/adoption.</p> <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>



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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>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <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	Closed/Resolved	Tracy B. Norita, Secretary of Finance, Department of Finance	<p>March 2025: The Economic Impact Payment program has been fully expended and closed and we do not anticipate any future activity on this program.</p> <p>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.</p>
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	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>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.</p>



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REF	Findings	Status/Completion Date	Contact Person	Remarks
2020-018 2019-010 2018-011 2017-012 2016-011 2015-011 2014-012 2013-012 2012-17	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	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2020-018: <u>Cause:</u> The CNMI lacks coordination over the transfer of assets and liabilities. <u>CAP:</u> The Office of Grants Management received approval from the federal grantor (Office of Insular Affairs) for a transfer of expenses to BU I9875M for payment of prior incurred expenses by the CNMI government. In relation to procurement regulations compliance, the grant award did stipulate that procurement regulations must be adhered to, however, as the expenses were initially recorded under previous BU's (1694 and 1365), the procurement process should have already been completed. 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.</p> <p>2019-010/2018-011: <u>Cause:</u> The CNMI lacks coordination over the transfer of assets and liabilities. <u>CAP:</u> 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.</p> <p>2017-012/2016-011: <u>Cause:</u> The CNMI lacks coordination over the transfer of assets and liabilities. <u>CAP:</u> 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 the pending matters.</p> <p>2015-011: <u>Cause:</u> The CNMI lacks coordination over the transfer of assets and liabilities. <u>CAP:</u> The CNMI and CHCC have been working to transition CHCC from the Executive Branch to an independent corporation. With the hiring of a new Chief Financial Officer, any pending matters related to the transition are expected to be addressed this fiscal year.</p>
				<p>2014-012/2013-012/2012-17: <u>Cause:</u> The CNMI lacks coordination over the transfer of assets and liabilities. <u>CAP:</u> Pursuant to Public Law 16-51 that created CHCC, the CNMI and CHCC have been working to transition CHCC from the Executive Branch to an independent corporation. Fixed asset transfers have been documented and receivables, inventory and obligations will be documented in the coming year. Prior Year Status: The lack of coordination of the transfer of assets and liabilities by CNMI and CHCC officials was reported as a finding in the CNMI Single Audits for fiscal years 2012 and 2013.</p>



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENTS FINDINGS

FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2020-020 2019-012 2018-013 2017-014	CNMI Group Health and Life Insurance	Ongoing	Tracy B. Norita, Secretary of Finance, Department of Finance, Velma Palacios, Program Director, NMI Retirement Fund	<p>March 2025: Finding remains open and discussions are ongoing within the Department of Finance to resolve this finding. Proposed completion date: Ongoing</p> <p>2020-020: <u>Cause:</u> The CNMI lacks coordination over the transfer of GHLI accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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 accounts in JDE. NMIRF and DOF will need to have further discussion on how the entries will be made for FY2023 into MUNIS.</p> <p>2019-012: <u>Cause:</u> The CNMI lacks coordination over the transfer of GHLI accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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. 1) Bank Reconciliations are available for review at the respective office. 2) Ongoing discussion between DOF and GHLI staff are still taking place. Records are in transition from the previous system (Peachtree) to a new financial system.</p> <p>2018-013: <u>Cause:</u> The CNMI lacks coordination over the transfer of GHLI accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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. 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.</p> <p>2017-014: <u>Cause:</u> The CNMI lacks coordination over the transfer of GHLI accounts between NMIRF and the CNMI and lacks procedures over financial reporting. <u>CAP:</u> 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.</p>
2017				
2017-010	Revenue/Receipts - Division of Revenue & Taxation	Closed/Resolved	Larisa Larson, Secretary of Finance	March 2025: Finding can be deemed closed/resolved. Per email dated 03.06.25, P. Kapileo, DRT Compliance Manager, has confirmed that tax documents are properly maintained in 2 secured locations. The DRT Records Section maintains policies and procedures to ensure proper tracking of the documents. Additionally, DRT is exploring plans to retain tax documents digitally for future tax years.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: FINANCIAL STATEMENTS FINDINGS

FISCAL YEAR: September 30, 2022

REF	Findings	Status/Completion Date	Contact Person	Remarks
2017-011	Expenditures	Ongoing	Municipal Treasurers and/or Mayors of First and Second Senatorial District	March 2025: The Standard Operating Policies and Procedures must be developed by the Municipalities. 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.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: UG COMPLIANCE FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2022

CNMI - Prepared Schedule											QC Resolved	\$Amt Bal Carry Forward
Ref. Number	ALN	Findings	Questioned Costs	Status	Status Change Date	Date Reviewed	Contact Person	Agency	Remarks			
										\$104,327,082		
2021											\$9,945,131	\$94,381,951
2021-012	10.539	Allowable Costs/Cost Principles	\$1,620	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$1,620	
2021-013	10.539	Procurement and Suspension and Debarment	\$97,850	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$97,850	
2021-014	10.539	Special Tests and Provisions – NAP Coupon Reconciliation	\$3,375,452	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$3,375,452	
2021-014	10.551 / 10.561	Special Tests and Provisions – EBT Reconciliation	\$442,933	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$442,933	
2021-015	10.542	Eligibility	\$151,626	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$151,626	
2021-016	10.551 / 10.561	Special Tests and Provisions - ADP System for SNAP	\$1,421	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$1,421	
2021-017	15.875	Allowable Costs/Cost Principles	\$402,941	1 - Closed/Resolved	3/10/2025		Jazmin Camacho, Sr. Financial Analyst, OMB	OMB	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$402,941	\$0	
2021-018	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0	
2021-019	15.875	Matching, Level of Effort, Earmarking	\$7,488	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$7,488	\$0	
2021-020	15.875	Procurement and Suspension and Debarment	\$1,240,465	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$1,240,465	\$0	
2021-021	15.875	Reporting	\$1,165	1 - Closed/Resolved	3/10/2025		Epiphonio Cabrera, Jr., Grants Administrator, OGM-SC	OGM	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$1,165	\$0	
2021-022	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0	
2021-023	15.875	Special Tests and Provisions - Grant Terms and Conditions	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0	
2021-024	17.225	Eligibility	\$1,131,117	9 - Ongoing / Partially Corrected		2/14/2025	Zachary Taitano, PUA Program Manager, DOL	DOL	February 14, 2025: Final Determination Letter dated 2/12/25 confirms that this finding remains open/uncorrected. However, \$107,489.70 was allowed and the remaining \$1,023,627.30 amount disallowed are not subject to federal debt collection.	\$107,490	\$1,023,627	
2021-025	17.225	Special Tests and Provisions - UI Program Integrity - Overpayments	\$0	9 - Ongoing		2/14/2025	Zachary Taitano, PUA Program Manager, DOL	DOL	February 14, 2025: Final Determination Letter dated 2/12/25 confirms that this finding remains open/uncorrected. DOL will continue to work on a resolution to close out this finding.	\$0	\$0	
2021-026	21.019	Allowable Costs/Cost Principles	\$20,341,913	9 - Ongoing		2/5/2025	Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$20,341,913	
2021-027	21.019	Reporting	\$0	9 - Ongoing		2/5/2025	Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$0	
2021-028	21.019	Subrecipient Monitoring	\$59,158	9 - Ongoing		2/5/2025	Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$59,158	



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: UG COMPLIANCE FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2022

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
2021-029	21.023	Eligibility	\$4,252	9 - Ongoing		3/7/2025	Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC	OGM	March 7, 2025: Emergency Rental Assistance Program (ERA): Follow-up email from US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) was sent to OGM requesting for supporting documents, however OGM has not provided a response to the request.	\$0	\$4,252
2021-030	21.023	Reporting	\$0	9 - Ongoing		3/7/2025	Epiphanio Cabrera, Jr., Grants Administrator, OGM-SC	OGM	March 7, 2025: Emergency Rental Assistance Program (ERA): Follow-up email from US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) was sent to OGM requesting for supporting documents, however OGM has not provided a response to the request.	\$0	\$0
2021-031	21.027	Allowable Costs/Cost Principles	\$1,035,442	9 - Ongoing		2/5/2025	Thomasa DLG. Naraja, Sr. Financial Analyst, SOF Office	DOF	February 5, 2025: Coronavirus State and Local Fiscal Recovery Funds (SLFRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/ ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter. 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.	\$0	\$1,035,442
2021-032	21.027	Procurement and Suspension and Debarment	\$2,775,965	9 - Ongoing		2/5/2025	Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office / Brien Nicholas, Procurement Services	DOF	February 5, 2025: Coronavirus State and Local Fiscal Recovery Funds (SLFRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor / ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter. 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.	\$0	\$2,775,965
2021-033	21.027	Subrecipient Monitoring	\$0	9 - Ongoing		2/5/2025	Thomasa DLG. Naraja, Sr. Financial Analyst, SOF Office	DOF	February 5, 2025: Coronavirus State and Local Fiscal Recovery Funds (SLFRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor / ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter. 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.	\$0	\$0
2021-034	93.489 / 93.575 / 93.596	Eligibility	\$39,200	9 - Ongoing		1/9/2025	Roselle Teregeyo, CCDF Co-Administrator/Accountant	CCDF	January 9, 2025: Per CCDF Co-Administrator, finding is currently under review. Updates to be provided as soon as its available.	\$0	\$39,200
2021-035	93.489 / 93.575 / 93.596	Special Tests and Provisions – Health and Safety Requirements	\$1,303,790	9 - Ongoing		1/9/2025	Roselle Teregeyo, CCDF Co-Administrator/Accountant	CCDF	January 9, 2025: Per CCDF Co-Administrator, finding is currently under review. Updates to be provided as soon as its available.	\$0	\$1,303,790
2021-036	93.778	Special Tests and Provisions – ADP Risk Analysis and System	\$0	9 - Ongoing		1/7/2025	Vicenta Borja, Program Manager, Medicaid	Medicaid	January 7, 2025: Waiting on the final determination letter from the Grantor.	\$0	\$0
2021-037	97.030	Procurement and Suspension and Debarment	\$18,353,963	9 - Ongoing		3/14/2025	Ryan Camacho, Sr. Financial Analyst / Pam Marigmen, Sr. Financial Analyst, SOF Office / Brien Nicholas, Procurement Services	DOF	June 2, 2025: Community Disaster Loan (CDL) - Email communication from Maria Medina-Garcia (FEMA) confirms the final review and validation of the use of CDL funds. Awaiting final determination letter from FEMA to close-out this finding. March 14, 2025: Community Disaster Loan (CDL) - Ongoing communication with Maria Medina-Garcia (FEMA) to provide additional supporting documents for this finding. SOF Team is currently putting the supporting documents together to provide Maria. Ensure updates are also communicated to Gabriela Santis & Angelica Saavedra from FEMA.	\$0	\$18,353,963
2021-038	97.036	Matching, Level of Effort and Earmarking	\$944,661	9 - Ongoing		2/14/2025	Patrick Guerrero, Governor's Authorized Rep., PAO	PAO	February 14, 2025: Disaster Grants - Public Assistance - MDL received on February 14, 2025 requesting for additional supporting documentation. PAO working on providing an updated response/supporting documents by the April 15, 2025 due date.	\$0	\$944,661
2021-039	97.036	Reporting	\$0	9 - Ongoing		2/14/2025	Patrick Guerrero, Governor's Authorized Rep., PAO	PAO	February 14, 2025: Disaster Grants - Public Assistance - MDL received on February 14, 2025 requesting for additional supporting documentation. PAO working on providing an updated response/supporting documents by the April 15, 2025 due date.	\$0	\$0
2021-040	97.050	Allowable Costs/Cost Principles	\$247,774	9 - Ongoing		2/14/2025	Patrick Guerrero, Governor's Authorized Rep., PAO	PAO	February 14, 2025: Disaster Grants - Public Assistance - MDL received on February 14, 2025 requesting for additional supporting documentation. PAO working on providing an updated response/supporting documents by the April 15, 2025 due date.	\$0	\$247,774
2021-041	97.050	Eligibility	\$2,430	9 - Ongoing		2/14/2025	Zachary Taltano, PUA Program Manager, DOL	DOL	February 14, 2025: Presidential Declared Disaster Assistance - Other Needs - MDL received on February 14, 2025 requesting for additional supporting documentation. DOL working on providing an updated response/supporting documents by the April 15, 2025 due date.	\$0	\$2,430



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FISCAL YEAR: September 30, 2022

CNMI - Prepared Schedule											
Ref. Number	ALN	Findings	Questioned Costs	Status	Status Change Date	Date Reviewed	Contact Person	Agency	Remarks	OC Resolved	\$Amt Bal Carry Forward
2021-042	97.050	Reporting	\$0	9 - Ongoing		2/14/2025	Patrick Guerrero, Governor's Authorized Rep., PAO	PAO	February 14, 2025: Disaster Grants - Public Assistance - MDL received on February 14, 2025 requesting for additional supporting documentation. PAO working on providing an updated response/supporting documents by the April 15, 2025 due date.	\$0	\$0
										\$51,962,626	\$50,203,077
FY2020											
2020-023	10.539	Eligibility	\$20,901	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$20,901
2020-024	10.539	Matching, Level of Effort, Earmarking	\$178,399	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$178,399
2020-025	10.539	Period of Performance	\$10,276	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$10,276
2020-026	10.539	Procurement and Suspension and Debarment	\$10,545	9 - Ongoing		12/6/2024	Margaret Aldan, NAP Administrator	NAP	December 6, 2024: Per NAP Administrator, the USDA-FNS officials will be on island and these findings will be brought up and discussed to determine next steps to resolving the finding. Waiting on an update from the NAP Administrator.	\$0	\$10,545
2020-027	11.016	Allowable Costs/Cost Principles	\$1,957,419	9 - Ongoing		1/8/2025	Francisco Cabrera, Secretary of Commerce	Commerce	January 8, 2025: Per CSD Director, they have reached out to their Grantor and to date have not heard back regarding this finding. Waiting on updates from the CSD Director.	\$0	\$1,957,419
2020-028	11.016	Equipment and Real Property Management	\$0	9 - Ongoing		1/8/2025	Francisco Cabrera, Secretary of Commerce	Commerce	January 8, 2025: Per CSD Director, they have reached out to their Grantor and to date have not heard back regarding this finding. Waiting on updates from the CSD Director.	\$0	\$0
2020-029	11.016	Procurement and Suspension and Debarment	\$62,207	9 - Ongoing		1/8/2025	Francisco Cabrera, Secretary of Commerce	Commerce	January 8, 2025: Per CSD Director, they have reached out to their Grantor and to date have not heard back regarding this finding. Waiting on updates from the CSD Director.	\$0	\$62,207
2020-030	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth Balajadia, CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2020-031	15.875	Period of Performance	\$66,936	1 - Closed/Resolved	3/10/2025		Elizabeth Balajadia, CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$66,936	\$0
2020-032	15.875	Procurement and Suspension and Debarment	\$31,059	1 - Closed/Resolved	3/10/2025		CIP OGM DLNR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$31,059	\$0
2020-033	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		CIP OGM DLNR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2020-035	17.225	Activities Allowed or Unallowed	\$770	1 - Closed/Resolved	9/30/2024	9/30/2024	Leila Staffler, Secretary of Labor	DOL	September 30, 2024: Final Determination Letter dated 8/1/23 from USDOL confirms the resolution of this finding and this can be deemed closed/resolved.	\$770	\$0
2020-036	17.225	Allowable Costs/Cost Principles	\$219,547	9 - Ongoing / Partially Corrected		9/30/2024	Leila Staffler, Secretary of Labor	DOL	September 30, 2024: Final Determination Letter dated 8/1/23 from USDOL identifies conditions 1,3,5 as closed and conditions 2,4 remains open. Partial OC resolved. OC carry forward is \$180,213 and OC resolved is \$39,334.	\$39,334	\$180,213
2020-037	17.225	Eligibility	\$2,071,943	9 - Ongoing / Partially Corrected		9/30/2024	Leila Staffler, Secretary of Labor	DOL	September 30, 2024: Final Determination Letter dated 8/1/23 from USDOL identifies only condition 7 as unresolved and the remaining 16 conditions have been closed. Partial OC resolved. OC carry forward is \$2,063,557 and OC resolved is \$8,386.	\$8,386	\$2,063,557
2020-038	17.225	Reporting	\$0	1 - Closed/Resolved	9/30/2024	9/30/2024	Leila Staffler, Secretary of Labor	DOL	September 30, 2024: Final Determination Letter dated 8/1/23 from USDOL confirms the resolution of this finding and this can be deemed closed/resolved.	\$0	\$0
2020-039	17.225	Special Tests and Provisions - UI Program Integrity - Overpayments	\$0	1 - Closed/Resolved	9/30/2024	9/30/2024	Leila Staffler, Secretary of Labor	DOL	September 30, 2024: Final Determination Letter dated 8/1/23 from USDOL confirms the resolution of this finding and this can be deemed closed/resolved.	\$0	\$0
2020-040	21.019	Activities Allowed or Unallowed	\$19,600,539	9 - Ongoing		2/5/2025	Tracy Norita, Secretary of Finance	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$19,600,539
2020-041	21.019	Allowable Costs/Cost Principles	\$14,632,280	9 - Ongoing		2/5/2025	Tracy Norita, Secretary of Finance	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/ORP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$14,632,280



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: UG COMPLIANCE FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2022

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
2020-042	21.019	Period of Performance	\$0	9 - Ongoing		2/5/2025	Tracy Norita, Secretary of Finance	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/DRP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$0
2020-043	21.019	Reporting	\$70,711	9 - Ongoing		2/5/2025	Tracy Norita, Secretary of Finance	DOF	February 5, 2025: Coronavirus Relief Fund (CRF): Responses and Supporting documents were provided to US Treasury (Alyson Saylor/DRP_SingleAudits@treasury.gov) on 2/5/25. Currently under review by Treasury and we are waiting on a final determination letter.	\$0	\$70,711
2020-044	84.126	Matching, Level of Effort, Earmarking	\$35,553	1 - Closed/Resolved	3/7/2025		James Rayphand, OVR Director	OVR	March 7, 2025: Final Determination Letter dated 3/7/25 from USDOE confirms the resolution of this finding and this can be deemed closed/resolved.	\$35,553	\$0
2020-045	84.126	Reporting	\$0	1 - Closed/Resolved	3/7/2025	12/19/2023	James Rayphand, OVR Director	OVR	March 7, 2025: Final Determination Letter dated 3/7/25 from USDOE confirms the resolution of this finding and this can be deemed closed/resolved.	\$0	\$0
2020-046	84.425	Matching, Level of Effort, Earmarking	\$2,215,788	9 - Ongoing		5/1/2024	Tracy Norita, Secretary of Finance	DOF	May 2024: Education Stabilization Fund - DOF is currently in communication with the grantor in hopes to resolve this finding.	\$0	\$2,215,788
2020-047	84.425	Subrecipient Monitoring	\$0	9 - Ongoing		5/1/2024	Tracy Norita, Secretary of Finance	DOF	May 2024: Education Stabilization Fund - DOF is currently in communication with the grantor in hopes to resolve this finding.	\$0	\$0
2020-049	93.575	Eligibility	\$0	9 - Ongoing / Partially Corrected	11/16/2023	5/1/2024	Maribel Lose, Childcare Director	CCDF	May 1, 2024, Final Determination Letter dated 11/16/23 from ACF confirms this finding as open but the QC (\$6,900) has been removed.	\$0	\$0
2020-051	93.575	Special Tests and Provisions - Health and Safety Requirements	\$663,275	9 - Ongoing / Partially Corrected	11/16/2023	5/1/2024	Maribel Lose, Childcare Director	CCDF	May 1, 2024, Final Determination Letter dated 11/16/23 from ACF identifies condition 1 as partially closed and the QC remains. And condition 2 will remain open.	\$0	\$663,275
2020-052	93.767	Allowable Costs/Cost Principles	\$2,338,718	9 - Ongoing		9/24/2025	Vicenta Borja, Medicaid Director	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$2,338,718
2020-053	93.767	Special Tests and Provisions - Provider Eligibility	\$0	9 - Ongoing		9/24/2025	Vicenta Borja, Medicaid Director	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$0
2020-054	93.767	Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers	\$0	9 - Ongoing		9/24/2025	Vicenta Borja, Medicaid Director	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$0
2020-055	93.778	Allowable Costs/Cost Principles	\$74,499	9 - Ongoing		9/24/2025	Vicenta Borja, Medicaid Director	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$74,499
2020-056	93.778	Special Tests and Provisions - ADP Risk Analysis and System Security Review	\$0	9 - Ongoing		9/24/2025	Vicenta Borja, Medicaid Director	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$0
2020-057	93.778	Special Tests and Provisions - Provider Eligibility and Provider Health and Safety Standards	\$99,547	9 - Ongoing		9/24/2025	Vicenta Borja, Medicaid Director	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$99,547
2020-058	97.036	Allowable Costs/Cost Principles	\$2,167,425	1 - Closed/Resolved	10/24/2024	4/3/2024	Patrick Guerrero, Authorized Representative	PAO	October 24, 2024: Final Determination Letter dated 10/24/24 from FEMA confirms the resolution of this finding and this can be deemed closed/resolved.	\$2,167,425	\$0
2020-061	97.039	Allowable Costs/Cost Principles	\$205,071	1 - Closed/Resolved	10/24/2024	4/3/2024	Patrick Guerrero, Authorized Representative	PAO	October 24, 2024: Final Determination Letter dated 10/24/24 from FEMA confirms the resolution of this finding and this can be deemed closed/resolved.	\$205,071	\$0
2020-062	20.205	Procurement and Suspension and Debarment	\$0	9 - Ongoing		5/1/2024	Ray Yumul, Secretary of Public Works	DPW	May 2024: DPW team is gathering documents for the resolution of their finding and will be providing updates once they have everything together.	\$0	\$0
										\$46,733,408	\$44,178,874

FY2019

\$2,554,534



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: UG COMPLIANCE FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2022

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
2019-016	15.875	Equipment and Real Property	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth S. Balajadia, CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2019-017	15.875	Procurement and Suspension and Debarment	\$363,800	1 - Closed/Resolved	3/10/2025		Sylvan Igsomar Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$363,800	\$0
2019-018	15.875	Reporting	\$51,563	1 - Closed/Resolved	3/10/2025		Sylvan Igsomar Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$51,563	\$0
2019-019	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth S. Balajadia, CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2019-020	93.767	Eligibility	\$0	9 - Ongoing		9/24/2025	Vicenta Borja, Acting Director Commonwealth Medicaid Agency	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$0
2019-021	93.767	Special Tests and Provisions-Provider Eligibility	\$0	9 - Ongoing		9/24/2025	Vicenta Borja, Acting Director Commonwealth Medicaid Agency	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$0
2019-023	93.778	Special Tests and Provisions - Provider Eligibility	\$0	9 - Ongoing		9/24/2025	Vicenta Borja, Acting Director Commonwealth Medicaid Agency	Medicaid	September 24, 2025: Waiting on the final determination letter from the Grantor. May 2024: Current communication is on-going with the grantor and are awaiting a determination letter to resolve this finding.	\$0	\$0
										\$415,363	\$0
FY2018											
2018-015	15.875	Allowable Costs/Cost Principles	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth Balajadia CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2018-016	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth Balajadia CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2018-017	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth Balajadia CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2018-018	20.205	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	3/11/2025		Lorraine M. Seman, Administrator, Highway Planning Program	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2018-019	20.509	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	3/11/2025		Alfreda Camacho, Director, Commonwealth Office of Transit Authority	COTA	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0



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FISCAL YEAR: September 30, 2022

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
\$0										\$0	\$0
FY2017											
2017-016	15.875	Equipment and Real Property	\$0	1 - Closed/Resolved	3/10/2025		Tracy Norita, Secretary of Finance	DOF	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2017-017	15.875	Procurement and Suspension Debarment	\$1,356,194	1 - Closed/Resolved	3/10/2025		Sylvan Ijisomar Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$1,356,194	\$0
2017-018	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Elizabeth Balajadia CIP Administrator	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
\$1,356,194										\$1,356,194	\$0
FY2016											
2016-031	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Sylvan Ijisomar Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
\$0										\$0	\$0
FY2015											
2015-028	15.875	Procurement and Suspension and Debarment	\$579,722	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$579,722	\$0
2015-036	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2015-036	20.205	Equipment and Real Property Management	\$0	9 - Ongoing	10/1/2025		Ray Yumul DPW Secretary	DPW	October 1, 2025: Clarification was provided by EY that this was not supposed to be closed. As a result, this was added back on and the DOF will work to get this closed out in the next memo via the UG Section 200.511(b)(3).	\$0	\$0
\$579,722										\$579,722	\$0
FY2014											
2014-034	15.875	Procurement and Suspension and Debarment	\$1,060,520	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$1,060,520	\$0
2014-035	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2014-036	15.875	Special Tests and Provisions	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente Karakaya CIP COTR	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2014-037	20.205	Procurement and Suspension and Debarment	\$0	0 - Warranting No Further Action	3/11/2025		Maegan Agulto, Finance Coordinator	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2014-051	20.205		\$0	0 - Warranting No Further Action	3/11/2025		Lorraine M. Seman, Administrator, Highway Planning Program	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2014-052	10.551	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	4/12/2024		Margaret Aldan NAP Administrator	NAP	April 12, 2024: Was missed in the prior SPAF. 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.	\$0	\$0
2014-052	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Margaret Aldan NAP Administrator	NAP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
\$1,060,520										\$1,060,520	\$0
FY2013											
2013-024	15.875	Reporting	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2013-041	15.875	Allowable Costs/Cost Principles	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2013-043	15.615	Procurement and Suspension and Debarment	\$236,402	0 - Warranting No Further Action	3/11/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$236,402	\$0
2013-043	15.875	Procurement and Suspension and Debarment	\$197,190	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$197,190	\$0



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FISCAL YEAR: September 30, 2022

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
2013-043	93.217	Procurement and Suspension and Debarment	\$28,344	0 - Warranting No Further Action	3/11/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$28,344	\$0
2013-043	93.243	Procurement and Suspension and Debarment	\$30,219	0 - Warranting No Further Action	3/11/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$30,219	\$0
2013-043	93.889	Procurement and Suspension and Debarment	\$10,077	0 - Warranting No Further Action	3/11/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$10,077	\$0
2013-043	97.073	Procurement and Suspension and Debarment	\$17,947	0 - Warranting No Further Action	3/11/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$17,947	\$0
										\$520,179	\$0
FY2012											
2012-44	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2012-44	20.205	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	3/11/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2012-45	15.605	Allowable Costs/Cost Principles	\$21,873	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$21,873	\$0
2012-45	15.611	Allowable Costs/Cost Principles	\$13,674	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$13,674	\$0
2012-45	17.235	Allowable Costs/Cost Principles	\$10,970	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$10,970	\$0
2012-45	17.258	Allowable Costs/Cost Principles	\$42,805	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$42,805	\$0
2012-45	17.259	Allowable Costs/Cost Principles	\$17,057	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$17,057	\$0
2012-45	17.260	Allowable Costs/Cost Principles	\$10,626	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$10,626	\$0
2012-45	66.600	Allowable Costs/Cost Principles	\$136,784	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$136,784	\$0
2012-45	93.217	Allowable Costs/Cost Principles	\$14,635	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$14,635	\$0
2012-45	93.243	Allowable Costs/Cost Principles	\$33,964	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$33,964	\$0
2012-45	93.283	Allowable Costs/Cost Principles	\$21,206	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$21,206	\$0
2012-45	93.507	Allowable Costs/Cost Principles	\$11,280	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$11,280	\$0
2012-45	93.575	Allowable Costs/Cost Principles	\$66,163	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$66,163	\$0
2012-45	93.889	Allowable Costs/Cost Principles	\$31,648	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$31,648	\$0
2012-45	93.94	Allowable Costs/Cost Principles	\$15,526	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Progrm Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$15,526	\$0



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: UG COMPLIANCE FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2022

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
2012-45	93.959	Allowable Costs/Cost Principles	\$10,775	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Program Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$10,775	\$0
2012-45	97.073	Allowable Costs/Cost Principles	\$120,437	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Program Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$120,437	\$0
2012-45	97.074	Allowable Costs/Cost Principles	\$36,994	0 - Warranting No Further Action	3/11/2025		Rosemary Camacho, Federal Program Coordinator IV	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$36,994	\$0
2012-48	15.875	Procurement and Suspension and Debarment	\$285,788	1 - Closed/Resolved	3/10/2025		Naomi Ada, Grant Manager	DOF	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$285,788	\$0
										\$902,205	\$0
FY2011											
2011-29	15.875	Allowable Costs/Cost Principles	\$0	1 - Closed/Resolved	3/10/2025		Nerissa Benavente	CIP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2011-31	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2011-43	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Walter Macaranas, NAP Administrator	NAP	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2011-43	20.205	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	3/11/2025		DPW Highway Procurement	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2011-43	81.041	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	3/11/2025		DPW Energy Procurement	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2011-47	15.875	Procurement and Suspension and Debarment	\$796,865	1 - Closed/Resolved	3/10/2025		Naomi Ada, Grant Manager	DOF	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$796,865	\$0
										\$796,865	\$0
FY2010											
2010-26	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2010-32	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2010-34	20.205	Equipment and Real Property Management	\$0	0 - Warranting No Further Action	3/11/2025		DPW Highway	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
2010-35	20.205	Procurement and Suspension and Debarment	\$0	0 - Warranting No Further Action	3/11/2025		DPW Highway	DPW	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
										\$0	\$0
FY2009											
2009-32	15.875	Equipment and Real Property Management	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2009-40	15.875	Procurement and Suspension and Debarment	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2009-42	15.875	Subrecipient Monitoring	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
										\$0	\$0
FY2008											
2008-50	15.875	Procurement and Suspension and Debarment	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS: UG COMPLIANCE FINDINGS AND QUESTIONED COSTS
FISCAL YEAR: September 30, 2022

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
2008-52	15.875	Reporting	\$0	1 - Closed/Resolved	3/10/2025		Anthony Benavente, Secretary of DLNR	DLNR	March 10, 2025: Decision Memo dated March 4, 2025 from US DOI-OIA confirms the closure of ALL ALN 15.875 findings (audits submitted prior to October 2024).	\$0	\$0
2008-53	66.6	Reporting	\$0	0 - Warranting No Further Action	3/11/2025		Richard Salas, Director, Coastal Resource Mgt	DLNR	March 11, 2025- In accordance with the UG Section 200.511(b)(3), this finding has been deemed to not warrant further action per the memorandum dated 3/10/2025 from CNMI OGM-SC.	\$0	\$0
										\$0	\$0