

OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

AUDIT OF THE HELP AMERICA VOTE ACT GRANTS AWARDED TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Report No. G22MP0005-23-04
February 24, 2023



HIGHLIGHTS

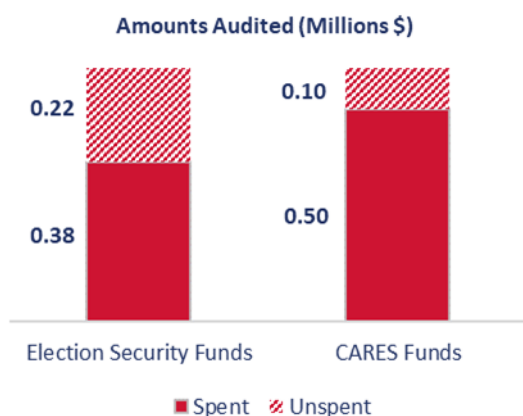
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What OIG Audited

The Office of Inspector General (OIG) audited funds received by the Commonwealth of the Northern Mariana Islands (CNMI) under the Help America Vote Act (HAVA), totaling \$1.2 million. This included Election Security and Coronavirus Aid, Relief, and Economic Security (CARES) Act grants.



The **objectives** of the audit were to determine whether the CNMI Commonwealth Election Commission (CEC):

- (1) used funds for intended purposes;
- (2) Used funds for authorized purposes in accordance with applicable requirements; and
- (3) Properly accounted for and controlled property purchased with EAC funds.

What OIG Found

The Office of Inspector General found that the CNMI CEC (1) could not always provide documentation and explanations to support that its grants were used for authorized and intended purposes, resulting in over \$687,000 in questioned costs; (2) did not use funds in accordance with applicable requirements, including the submission of required reports and the deposit of grant funds in an interest bearing Election Fund; and (3) does not have policies to properly control equipment purchases.

What OIG Recommended

OIG made five recommendations to address the noted deficiencies:

- 1 Determine the allowability of \$246,556 in questioned costs under the Election Security Award and recover any amount that is unallowable.
- 2 Determine the allowability of \$440,905 in questioned costs under the CARES Act Award and recover any amount that is unallowable.
- 3 Require the CEC to calculate the interest lost on the awards and repay the unrecorded earnings using nonfederal funds.
- 4 Determine the best course of action to identify and recover additional funds from the awards that remain unspent or improperly spent.
- 5 Withhold additional grant funds for which CNMI is eligible until the CEC (1) establishes an interest-bearing Election Fund; (2) complies with grant reporting requirements; and (3) implements suitable policies for internal control.



OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

DATE: February 24, 2023

TO: U.S. Election Assistance Commission, Executive Director, Steven Frid

FROM: U.S. Election Assistance Commission, Inspector General, Brianna Schletz

SUBJECT: Audit of the Help America Vote Act Grants Awarded to the Commonwealth of the Northern Mariana Islands (Report No. G22MP0005-23-04)

This memorandum transmits the final report on Help America Vote Act grants awarded to the Commonwealth of the Northern Mariana Islands. Our audit objectives were to determine whether CNMI CEC (1) used funds for intended purposes; (2) used funds for authorized purposes in accordance with applicable requirements; and (3) properly accounted for and controlled property purchased with EAC funds. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix B.

The report contains five recommendations. After reviewing information that you provided in response to the draft report, we consider one of the recommendations closed upon report issuance. Please keep us informed of the actions taken to address Recommendations 1, 2, 3, and 4, as we will track the status of their implementation.

We appreciate the assistance you and your staff provided to us during this audit.

cc: Commissioner Christy McCormick, Chair
Commissioner Benjamin W. Hovland, Vice Chair
Commissioner Donald L. Palmer
Commissioner Thomas Hicks

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Background

The Help America Vote Act of 2002 (HAVA)¹ was passed to modernize state voting systems and improve the administration of federal elections. Among other provisions, it authorizes federal funding for states to improve the administration of federal elections. The U.S. Election Assistance Commission (EAC) distributes and oversees funding appropriated under HAVA.

Congress appropriated HAVA funds to the Commonwealth of the Northern Mariana Islands (CNMI) for the first time in fiscal year (FY) 2020.² In total, CNMI received \$1.2 million, as described in Figure 1.

Figure 1. CNMI Grants Summary

	Election Security Funds	CARES Funds
Award	MP20101001	MP20101CARES
Amount	\$600,000	\$600,000
Project Period	12/21/2019 – 12/20/2024	3/28/2020 – 3/27/2022
Authorization	Title I Section 101 of HAVA, provided for in the Consolidated Appropriations Act, 2020 (Public Law 116-93)	Title 1 Section 101 of HAVA, provided for in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136)
Purpose	To “improve the administration of elections for Federal office, including to enhance election technology and make election security improvements.”	To “prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 Federal election cycle.”
Major Requirements	<ul style="list-style-type: none">• Adhere to federal cost principles (2 CFR Part 200).• Submit annual narrative and financial reports.• Maintain funds, including interest earned and any net program income, in an election fund (Section 104(d) of HAVA).	<ul style="list-style-type: none">• Adhere to federal cost principles (2 CFR Part 200).• Submit semi-annual narrative and financial reports.• Maintain funds, including interest earned and any net program income, in an election fund (Section 104(d) of HAVA).

EAC awarded these funds to the CNMI Commonwealth Election Commission (CEC), whose function is “to ensure a fair, honest, orderly, and impartial election process.” CEC certified that it would use the funds for the intended purposes and specified that the Election Security grant would be used to upgrade its voting equipment, establish election audits, print ballots for overseas voters, update its voter registry, improve cybersecurity, meet campaign finance mandates, and certify employees in election administration. CEC stated that the CARES grant would be used to procure cleaning supplies and personal protective equipment, disinfect polling places, respond to increases in absentee ballots, and upgrade voting equipment.

¹ Pub. L. No.107-252 (October 29, 2002).

² HAVA originally defined “state” as including the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands. CNMI was not included because it did not hold federal elections when HAVA was enacted in 2002.

Audit Objectives

The objectives of the audit were to determine whether CNMI CEC:

1. Used funds for intended purposes.
2. Used funds for authorized purposes in accordance with applicable requirements.
3. Properly accounted for and controlled property purchased with EAC funds.

Expenditures Were Unsupported and Possibly Used for Unintended Purposes

As described under the subheads below, OIG found that CNMI CEC could not always provide documentation and explanations to support that its Election Security and CARES grants were used for authorized and intended purposes. As a result, OIG cannot confirm that costs charged to the grants were spent appropriately.

CNMI CEC did not provide an explanation for the unsupported and potentially ineligible costs. However, the Commission received federal grants for the first time in 2020 and its staff members are unfamiliar with federal grant requirements. Likewise, the Department of Finance's *Internal Control for Federal Grants* policy was in draft form during grant implementation.

Salary and Benefits Charged to the Grants Were Unsupported

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 2 CFR § 200.430(i)(1) states:

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated...(v) Comply with the established accounting policies and practices of the non-Federal entity.

Accordingly, the CNMI Department of Finance's *Internal Control for Federal Grants* policy states: "All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities."

However, OIG compared the expenditures that the CNMI CEC had recorded under *61100-Wages and Salaries-Ungraded* to the more detailed Labor Cost Distribution Reports and found a discrepancy of \$46,623 in the records for the Election Security grant and a discrepancy of \$25,498 in the records for the CARES grant. Despite multiple requests, CNMI CEC did not provide an explanation for the differences.

Nonetheless, we selected a sample of pay periods and requested the timesheets or other records supporting the relevant Labor Cost Distribution Reports. For the Election Security grant, the sample included three pay periods representing over 23 percent of the amount included in the relevant Labor Cost Distribution Reports. For the CARES grant, the sample included two pay periods representing over 21 percent of the amount included in the relevant Labor Cost Distribution Reports. Despite multiple

requests, the CNMI CEC did not provide the requested support or explain why the support was unavailable.

Because of the unexplained variances in the accounting records and the unsupported labor costs, we are questioning the entirety of the payroll and fringe benefits charged to the grants, along with the associated indirect costs. These unsupported questioned costs are detailed in Figure 2.

Figure 2. Unsupported Salary and Benefit Costs

	Unsupported Direct Costs	Associated Indirect Costs ^a	Total
Election Security Grant	\$167,075	\$15,421	\$182,496
CARES Grant	\$207,526	\$19,342	\$226,868

^a A 9.42 percent indirect cost rate is applied to expenditures through September 30, 2020. A 9.23 percent rate applies after this date.

Other Direct Costs Charged to the Grants Were Unsupported

2 CFR § 200.403(g) states that costs must be adequately documented in order to be allowable under federal awards. 2 CFR § 200.303(a) says that the non-federal entity must, “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

We selected a sample of Other Direct Costs that CNMI CEC had charged against the grants and requested a copy of the supporting documentation required by the Department of Finance’s *Internal Control for Federal Grants* policy. CNMI CEC, via the Division of Procurement and Supply, provided appropriate support for the purchase of \$173,807 of voting equipment. However, despite multiple requests, CNMI CEC did not provide the requested support for other expenditures including legal services, boat charter, board and employee travel, cleaning services, communications, repair and maintenance, and supplies, nor did they explain why the support was unavailable. The resulting unsupported questioned costs are detailed in Figure 3.

Figure 3. Other Unsupported Costs

	Unsupported Direct Costs	Associated Indirect Costs ^a	Total
Election Security Grant	\$55,369	\$5,117	\$60,486
CARES Grant	\$94,073	\$6,145	\$100,217

^a A 9.42 percent indirect cost rate is applied to expenditures through September 30, 2020. A 9.23 percent rate applies after this date.

Funds May Have Been Used for Unallowable Activities

OIG also identified expenditures that were potentially outside the scope of the grants’ allowable activities, as described in Figure 4.

Per Election Security Award Instructions, the purpose of the award is to “‘improve the administration of elections for Federal office, including to enhance election technology and make election security improvements’ to the systems, equipment and processes used in federal elections.”

Per CARES Award Instructions, “The CARES Act makes clear that grant funds are for additional costs associated with the national emergency related to coronavirus and are to be spent ‘to prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 Federal election cycle.’”

Figure 4. Ineligible Costs

Grant	Description	Ineligible Costs
Election Security	<p>CNMI CEC paid an attorney \$5,445 to serve as an Administrative Hearing Officer to challenged voters regarding issues such as domicile.</p> <p>Meanwhile, sections 101(b)(2) and 251(f) of HAVA state that funds cannot be used to pay for costs associated with litigation except to the extent that legal expenses constitute uses/activities that are permitted under these sections for the implementation of HAVA.</p> <p>Additional information from CNMI CEC is necessary to determine the allowability of these expenditures, yet officials did not make themselves available to discuss the matter.</p>	<p>\$0</p> <p><i>This is already included in the unsupported direct costs.</i></p>
Election Security	<p>CNMI CEC charged \$8,294 in vehicle service and repairs to the grant.</p> <p>These are capital expenditures, which according to 2 CFR § 200.439(b)(1), require the prior written approval of the federal awarding agency.</p> <p>Moreover, EAC FAQs state: “motorized vehicles are an allowable cost when they are used for voter education pursuant to Section 101(b)(1)(C) of HAVA, [but] there are significant issues related to allocability and cost reasonableness that must still be considered in assessing the appropriateness of such an expense.”</p> <p>Additional information from CNMI CEC is necessary to determine the allowability of these expenditures, yet officials did not make themselves available to discuss the matter.</p>	<p>\$3,574</p> <p><i>\$5,022 paid to one vendor is already included in the direct costs. This amount includes the remaining amount and the associated indirect costs.^a</i></p>
CARES	<p>CEC officials did not respond to OIG’s requests to explain the purpose of multiple charges totaling \$97,500 in November 2020, which appear to be for temporary staff. The expenditures were recorded in the 62100 - Board & Other Comp account.</p>	<p>\$106,499</p> <p><i>This amount includes \$97,500 in direct costs and the associated indirect costs of \$8,999.^a</i></p>

Grant	Description	Ineligible Costs
CARES	CEC officials did not respond to requests to explain the purpose of a \$27,500 boat charter recorded in the 62480 – <i>Rental, Others</i> account in May 2021, well after the 2020 election.	\$0 <i>This is already included in the unsupported direct costs.</i>
CARES	CEC officials did not respond to requests to explain the purpose of \$48,078 in catering expenses recorded in the 63020 – <i>Food Items</i> account in January 2021, well after the 2020 election.	\$7,321 <i>\$41,376 paid to one vendor is already included in the unsupported direct costs. This amount includes the remaining \$6,702 and the associated indirect costs of \$619.^a</i>

^a A 9.42 percent indirect cost rate is applied to expenditures through September 30, 2020. A 9.23 percent rate applies after this date.

CEC Did Not Use Funds in Accordance with Applicable Requirements

OIG found that CNMI CEC did not always use its Election Security and CARES grants in accordance with the applicable requirements. CEC did not submit required reports and failed to deposit grant funds into an interest-bearing Election Fund. These findings are described in detail below.

Required Reports Were Not Submitted

In accordance with 2 CFR §§ 200.328 & 200.329, EAC requires grantees, including recipients of Election Security funds to submit a financial report using the EAC Federal Financial Report form, which is adapted from the SF425. Reports for Section 101 grants are due every 6 months, by April 30 for the period ended March 31 and by December 29 for the period ended September 30. EAC also requires grantees to submit a progress report. Reports are due semi-annually until all funds and interest are disbursed. The mid-year report covers the period from October 1 through March 31 and is due by April 30.

The CARES Act requires that states receiving funding under the Act “shall provide to the Election Assistance Commission, within 20 days of each election in the 2020 Federal election cycle in that State, a report that includes a full accounting of the State’s uses of the payment and an explanation of how such uses allowed the State to prevent, prepare for, and respond to coronavirus.” To this end, the EAC grants team established and communicated due dates by which the recipients must provide the team with various progress and financial reports.

CNMI CEC provided initial financial reports to the EAC, which matched with CEC’s accounting detail. However, as of November 2022, the EAC grants team reports that CNMI CEC has failed to provide the reports listed in Figure 5, despite multiple follow-up requests.

Figure 5. Overdue Reports

Grant	Report	Due Date
Election Security	2021 Annual Progress Report	9/30/2021
	2021 Revised Mid-Year Financial Report	11/26/2021
	2021 Revised Annual Financial Report	11/26/2021
	2022 Mid-Year Progress Report	4/30/2022
CARES	2021 Mid-Year Progress Report	4/30/2021
	2020 Revised Annual Federal Financial Report	11/26/2021
	2021 Revised Mid-Year Federal Financial Report	11/26/2021
	2021 Annual Progress Report	12/29/2021
	Final Progress Report	3/27/2022
	Final Financial Report	3/27/2022

Responsibility for the compilation and submission of the reports is split between CEC and other CNMI departments, with CEC officials expressing confusion about their role.

Proper and timely reporting ensures that funds are tracked and spent in accordance with federal regulations. Without proper reporting, the EAC grants team's efforts to monitor and oversee the grants is hampered.

While CNMI CEC has not requested the 2022 Election Security funds for which it is eligible, officials from the EAC grants team have stated that they would withhold any requested funds until CNMI complies with reporting requirements for the 2020 Election Security and CARES grants. OIG agrees with this decision.

Funds Were Not Deposited into a Separate Election Fund that Earned Interest

The Notice of Grant Awards for the 2020 Election Security and CARES grants states: "Interest earned on this award's funds and any net program income shall be retained in the election fund and used for allowable activities in Section 101 of HAVA."

However, CNMI's grant funds were not deposited into a separate election fund and interest was not earned. The EAC grants team confirmed that this is an ongoing compliance issue and provided several communications showing attempts to correct this matter between themselves and CNMI. Though CNMI officials indicated they understood the need for funds to be in an interest-bearing account, they have failed to take action to correct the issue.

The interest earned on the grant funds should be used in furtherance of the grants' objectives. For the Election Security grant, that is to improve the administration of elections for federal office. For the CARES grant, that was to "prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 Federal election cycle."

CEC Does Not Have Policies to Properly Control Equipment Purchases

2 CFR § 200.313(b) states: “A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures.”

OIG was provided a draft copy of the Department of Finance’s *Internal Control for Federal Grants* policy, which contains information about the CNMI property management systems. Per the policy, CEC must maintain a control system that ensures adequate safeguards. Under 2 CFR § 200.313(d), such safeguards would include physical inventories, maintenance procedures, and other control systems to prevent loss, damage, or theft.

However, CEC did not provide its own policies containing such safeguards. Additionally, while the CEC (via the Division of Procurement and Supply) maintains a list of grant-funded equipment, we were unable to physically confirm whether the safeguards to protect these assets were in place due to auditee nonresponsiveness.

Although OIG could not confirm the reason for the CEC’s inability to provide information about its safeguards, the Commission received federal grants for the first time in 2020 and its staff are unfamiliar with federal grant requirements. Likewise, the Department of Finance’s *Internal Control for Federal Grants* policy was in draft during grant implementation.

The Commission purchased over \$167,000 of equipment using Election Security funds. We could not confirm that this equipment was used and managed as intended.

Recommendations

To address the described issues, OIG recommends that EAC:

1. Determine the allowability of \$246,556 in questioned costs (\$242,982 unsupported; \$3,574 ineligible) under Election Security Award MP20101001 and recover any amount that is unallowable.
2. Determine the allowability of \$440,905 in questioned costs (\$327,085 unsupported; \$113,820 ineligible) under CARES Act Award MP20101CARES and recover any amount that is unallowable.
3. Require the Commonwealth Election Commission to calculate the interest lost on Election Security Award MP20101001 and CARES Act Award MP20101CARES and repay the unrecorded earnings using nonfederal funds.
4. Determine the best course of action to identify and recover additional funds from Election Security Award MP20101001 and CARES Act Award MP20101CARES that remain unspent or improperly spent.

5. Withhold additional grant funds for which CNMI is eligible until the Commonwealth Election Commission (1) establishes an interest-bearing Election Fund; (2) complies with reporting requirements for Election Security Award MP20101001 and CARES Act Award MP20101CARES; and (3) implements suitable policies for internal control.

Evaluation of Management Comments

We provided our draft report to CNMI election officials and EAC on January 6, 2023. We did not receive a response from CNMI election officials. On February 8, 2023, we received a response from EAC officials, which is included in Appendix B of this report. However, subsequent to the 30-day period, on February 14, 2023, a CNMI election official contacted EAC's grants team to reestablish communication. On February 15, 2023, EAC's grants team held a meeting with the CNMI election official to present a compliance action plan that identifies the steps that CEC must take to regain the ability to receive and spend HAVA funds. We considered this additional information in our evaluation of management comments.

The report included five recommendations. We acknowledge EAC's management decisions on all five recommendations. Recommendations 1, 2, 3, and 4 are open pending completion of planned activities. Recommendation 5 is closed upon report issuance.

Our detailed evaluation of management comments follows.

Recommendation 1. EAC agrees to request supporting documentation from CNMI Election Commission staff and initiate debt collection proceedings if not received within 60 days. OIG provided the requested working papers to EAC on February 15, 2023.

Recommendation 2. EAC agrees to request supporting documentation from CNMI Election Commission staff and initiate debt collection proceedings if not received within 60 days. OIG provided the requested working papers to EAC on February 15, 2023.

Recommendation 3. EAC initially agreed to estimate interest earned on the grant and initiate debt collection to collect the lost interest by February 28, 2023. The CNMI Compliance Action Plan, presented to CEC on February 15, 2023, gives CEC until May 16, 2023, to complete the lost interest calculations.

Recommendation 4. EAC has collected the unexpended funds under CARES Act award MP20101CARES. On January 12, 2023, EAC issued a letter to the CNMI Election Commission instructing them to cease all activity and expenditures under the Election Security award MP20101001. The CNMI Compliance Action Plan, presented to CEC on February 15, 2023, gives CEC until May 16, 2023, to complete the steps necessary to regain the ability to spend their Election Security funds.

Recommendation 5. EAC agrees to withhold additional funding until the CNMI Election Commission complies with all requirements. This is further supported by the CNMI Compliance Action Plan, presented to CEC on February 15, 2023. Therefore, final action has been taken on Recommendation 5.

Appendix A. Scope and Methodology

This audit was conducted from April 2022 to December 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis for our findings and conclusions based on our audit objectives.

The audit objectives were to determine whether CNMI CEC (1) used funds for authorized purposes in accordance with applicable requirements; (2) properly accounted for and controlled property purchased with EAC funds; and (3) used funds for intended purposes.

The audit covered agreements MP20101001 (Election Security) and MP20101CARES (CARES) from the date of award through March 31, 2022. Figure A-1 details grant financials reported through that date.

Figure A-1. Grant Financials Reported by CNMI as of March 31, 2022

	Election Security Funds (\$)	CARES Funds (\$)
Federal cash		
Cash receipts	600,000	600,000
Cash disbursements	367,395	471,809
Cash on hand	232,605	128,191
Federal expenditures and unobligated balance		
Total federal funds authorized	600,000	600,000
Federal share of expenditures	367,395	471,809
Federal share of unliquidated obligations	8,370	29,891
Total federal share	375,765	501,700
Unobligated balance of federal funds	224,235	98,300 ¹

¹ CNMI CEC returned \$98,153 to EAC in June 2022.

We initially reviewed applicable laws and regulations to answer the audit objectives. Specifically, we reviewed HAVA and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200). We then became familiar with the awards by reviewing the grant awards and applications, available financial reports, the indirect cost rate agreement, and related audit reports. We also met and corresponded with representatives from CNMI CEC, the Department of Finance, and the Office of the Governor, as well as the Office of Insular Affairs at the U.S. Department of the Interior, and the EAC grants team. All work was performed remotely.

The described procedures gave us an understanding of internal controls and helped us to assess risk. Based on this, we selected significant controls for testing. This included controls in the financial management, property management, and procurement processes. We also designed procedures to test compliance with the award requirements. Specifically, we:

- Reconciled the submitted financial reports to the EAC's and CEC's accounting records as of March 31, 2022.
- Verified that indirect costs charged to the grants were calculated correctly.

- Requested support for a sample of direct costs, including expenditures, such as salaries, equipment, travel, and supplies, to determine whether the goods or services were allowable.
- Reviewed records and correspondence to determine whether funds had been deposited in an election fund that earns interest.
- Determined the adequacy of CNMI's procedures for property management and procurement and tested their effectiveness.

Appendix B. EAC Comments



U.S. ELECTION ASSISTANCE COMMISSION
633 3rd Street, NW. Suite 200
Washington, DC 20001

TO: Brianna Schletz, Inspector General

FROM: Kinza Ghaznavi
Grants Director

Kinza Ghaznavi

DATE: February 8, 2023

RE: Response to Draft Audit Report of Grants Awarded to the Commonwealth of the Northern Mariana Islands, Report G22MP0005-23-04

This is the EAC's response to the OIG draft audit of HAVA funds awarded to the Commonwealth of the Northern Mariana Islands (CNMI) and serves as the EAC's management decision. The scope of the audit included HAVA 101 Election Security and CARES grants. The EAC agrees with the recommendations and describes our management decisions related to each one below. As noted in the draft report, CNMI did not respond to repeated requests for documentation needed to support the tested expenditures under the grants and has not submitted required financial and progress reports under the grants. As a result, the EAC will not provide additional funds appropriated in FY22 and FY23 to CNMI until the Islands are up to date on reporting and complying with all HAVA and other federal grant requirements. In addition, if the CNMI Election Commission does not submit the required reports within 60 days of receiving the EAC's management decision on the audit, we will initiate debt collection and terminate the grant. We also issued a letter to the Election Commission on January 12, 2023, instructing them to cease all activity and expenditures under the current Election Security grant.

Recommendation #1: Determine the allowability of \$246,556 in questioned costs under the Election Security grant, MP20101001, (\$242,982 unsupported; \$3,575 ineligible) and recover any amount that is unallowable.

Management Decision: EAC Grants staff requests the working papers related to the questioned costs and will contact the CNMI Election Commission staff to provide adequate supporting documentation for the expenditures. If adequate documentation is not provided within 60 days, the EAC will initiate debt collection proceedings to recover the costs.

Recommendation #2: Determine the allowability of \$440,905 in questioned costs under the CARES Act grant, MP20101CARES, (\$327,085 unsupported; \$113,820 ineligible) and recover any amount that is unallowable.

Management Decision: EAC Grants staff requests the working papers related to the questioned costs and will contact the CNMI Election Commission staff to provide adequate supporting documentation for the expenditures. If adequate documentation is not provided within 60 days, the EAC will initiate debt collection proceedings to recover the costs.

Recommendation #3: Require the Commonwealth Election Commission to calculate the interest lost on the Election Security award, MP20101001, and the CARES Act award, MP20101CARES, and repay the unrecorded earnings using nonfederal funds.

Management Decision: On September 23, 2021, the EAC issued a letter to CNMI requiring them to deposit the Election Security funds in an interest-bearing account and to calculate lost interest on the grant. The CARES grant award did not earn interest based on guidance provided in 2020 based on the limited period of availability of the funds. CNMI has not provided any calculations of the lost interest on MP20101001. The EAC is exploring options for estimating interest earned on the grant and initiating debt collection to collect the lost interest. We expect to complete that process by February 28, 2023.

Recommendation #4: Determine the best course of action to identify and recover additional funds under the Election Security award, MP20101001, and the CARES Act award, MP20101CARES, that remain unspent or improperly spent.

Management Decision: As noted above, the EAC instructed CNMI to cease any additional activity and expenditures under the Election Security grant. Federal CARES grant funds could not be expended after December 31, 2020, and EAC Grants staff has collected the unexpended funds under the CARES grant. CARES grant costs and expenditures not supported by required reporting will be subject to debt collection by the EAC.

Recommendation #5: Withhold additional funds for which CNMI is eligible until the Commonwealth Election Commission (1) establishes an interest-bearing Election fund; (2) complies with reporting requirements for Election Security award MP20101001 and CARES Act award MP20101CARES; and (3) implements suitable policies for internal control.

Management Decision: As noted above, the EAC is withholding additional funding until the CNMI Election Commission complies with all requirements.



Visit our website at eac.gov/inspector-general

U.S. Election Assistance Commission
Office of Inspector General
633 3rd Street, NW, Second Floor
Washington, DC 20001

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