

**2022 Transition Report for
Governor Elect Arnold I. Palacios and
Lt. Governor Elect David M. Apatang**

Date of Submission: January 04, 2023

Department/Agency: CNMI Homeland Security & Emergency Management (HSEM)

Resources Summary

Department Head - Dennis C. Mendiola

2023 Annual Budget

- I. Schedule A: General Fund \$472,246.00
 - o Personnel: \$467,570.00 (17 FTEs)
 - o Operations: \$4,676.00
- II. Schedule B: American Rescue Plan Act (ARPA) \$116,893.00
 - o Personnel: \$116,893.00 (17 FTEs)
- III. General Fund & ARPA \$589,139.00
 - o Personnel: \$584,463.00

Total: \$1,178,278.00

2023 Total Federal Resources

The following is a breakdown of Total HSEM Federal Grants (2023 Federal Resources highlighted):

Grant	Fiscal Year	POP	Award Amount	Balance as of 12/19/2022
Emergency Management Performance Grant	2022	10/1/2021-9/30/2024	\$ 1,046,823.00	\$ 1,046,823.00
	2021	10/1/2020-9/30/2023	\$ 920,661.00	\$ 631,712.65
	2021 ARPA	10/1/2020-9/30/2023	\$ 253,341.00	\$ 176,761.72
	2020	10/1/2019-9/30/2023	\$ 920,700.00	\$ 122,979.78
			\$ 3,141,525.00	\$ 1,978,277.15

Grant	Fiscal Year	POP	Award Amount	Balance as of 12/19/2022
Homeland Security Grant Program	2022	9/1/2022-8/31/2025	\$ 1,108,000.00	\$ 1,108,000.00
	2021	9/1/2021-8/31/2024	\$ 1,052,000.00	\$ 766,699.09
	2020	9/1/2020-8/31/2023	\$ 1,000,000.00	\$ 424,254.55
	2019	9/1/2019-8/31/2023	\$ 1,000,000.00	\$ 297,810.16
			\$ 4,160,000.00	\$ 2,596,763.80

Grant	Fiscal Year	POP	Award Amount	Balance as of 12/19/2022
Non-Profit Security Grant Program	2021	9/1/2021-8/31/2024	\$ 54,462.00	\$ 54,462.00
			\$ 54,462.00	\$ 54,462.00

Grant	Fiscal Year	POP	Award Amount	Balance as of 12/19/2022
National Tsunami Hazard Mitigation Program	2021	9/1/2021-8/31/2023	\$ 33,050.00	\$ 17,564.52
	2020	9/1/2020-8/31/2023	\$ 374,651.00	\$ 265,690.85
	2018	9/1/2018-8/31/2023	\$ 579,981.00	\$ 532,343.34
			\$ 987,682.00	\$ 815,598.71

2023 Authorized Full Time Employees – (local/federal/ARPA) (graded/ungraded/LTE)

There are currently forty-three (43) HSEM employees. Below is a breakdown of the 1/1/2023-12/31/2023 funding sources for all 43 HSEM employees. Majority of HSEM Finance employees are funded by 2-3 (partial) funding sources.

FTE	ARPA	2022 EMPG	LOCAL APPR.	2017 HSGP	2022 HSGP	2018 NTHMP	2020 NTHMP
Full	5	1	0	0	4	0	0
Partial	2	26	16	1	24	1	1

As of the date of this report there were 57 COVID-19 Employees and 37 COVID Care Force Employees (19 in Saipan, 16 in Rota, and 2 in Tinian). All COVID employee contracts, including COVID Care Force employees expired on December 31, 2022. Below is a breakdown of the funding sources for all 94 COVID-19 HSEM employees:

FTE	FEMA MANGKHUT	FEMA YUTU	COVID-19	COVID CALL CENTER
Full	0	0	77	15
Partial	2	2	0	0

2022 Authorized Budget

As per PL22-17:

I.	NOP	17
II.	Personnel	\$ 201,907.00
III.	Operations	<u>\$ 52,624.00</u>
	Total:	\$ 254,531.00

2023 Total Vehicles

- I. 74 Vehicles purchased under HSEM
 - o Most of these vehicles were assigned to other departments/agencies throughout the government
- II. 40+ Rented Vehicles
 - o These vehicles were rented during the COVID-19 pandemic through HSEM expenses (COVID account 1699J)
 - o HSEM Logistics was unable to provide an accurate listing of rental vehicles and who they were assigned to.

Executive Summary

The Homeland Security and Emergency Management (HSEM) was established on March 15, 2013, after the enactment of House Bill No. 18-87, HD 1 into Public Law No. 18-4, later codified at 1 CMC §§ 20141 – 20148. The law provides, among other things, the creation of the HSEM in the Office of the Governor, appointment by the governor of a special assistant and deputy special assistant, powers of the HSEM, duties and responsibilities, principal coordinator with the U.S. Homeland Security and U.S. Department of Justice, primary State Coordinating Official in times of significant emergencies and major disasters, serve as the clearing house for federal grants awarded to HSEM, the power to promulgate rules and regulation to further implement the intent of its enabling law, etc. See, 1 CMC §§ 201141 – 20148.

As per their organizational chart, HSEM is divided into six (6) divisions: Finance, Grants, Logistics, Operations, Emergency Management, and Marianas Regional Fusion Center. Our transition team met with the heads of all six divisions to compile information for this report.

The Finance Section of HSEM handles all financial operations including purchase orders, employee contracts, payroll, vendor contracts, vendor payments, travel documents, and other items of financial interest regarding the general fund, ARPA funds, and COVID-19 accounts. This section is headed by Ms. Jessel Mesa. Ms. Mesa holds two positions in this division: Budget Analyst and Finance Section Chief for COVID-19. Seven additional staff members fall under this section and all are funded by local appropriation and HSEM federal grants.

The HSEM Grants section oversees the application and implementation of HSEM federal grants such as the Emergency Management Performance Grants, Homeland Security Grants, the Non-Profit Security Grant, and the National Tsunami Hazard Mitigation Program grant. This section is currently staffed by 3 employees, although the section has a total of five full-time employees and is headed by Mrs. Naomi Ada Tagabuel.

The HSEM Logistics division within HSEM upholds the inventory of vehicles, capital items, disaster supplies, inbound & outbound shipments for HSEM and/or other government agencies if needed. This section also manages the Gualo Rai Warehouse and COVID Care Force operations. Logistics is headed by Mr. Roland Cruz and currently supported by APRA/WIA personnel.

The HSEM Operations section is responsible for “Boots on the Ground” efforts associated with returning the CNMI to normalcy after a disaster. Current operations include HSEM San Antonio Warehouse which holds assets and resources to be used for pandemic response. Operations staff are located at the San Antonio Warehouse.

The Division of Emergency Management (DEM) coordinates the CNMI’s emergency preparedness and initial response and recovery efforts in order to reduce the impact of emergencies and disaster on people and property in the Whole Community (all of CNMI). DEM’s mission is to prepare for and assist in the implementation of emergency management plans and programs to protect the safety and welfare of the CNMI during times of disaster or emergency. The DEM is divided into two (2) sections: Emergency Operations Center (EOC) State Warning Point (SWP) and Information Technology (IT) & Communications (Comms) [one

section independent of each other]. In addition, HSEM has on-going Public Assistance (PA) Projects that is being overseen by the Emergency Management Director.

Marianas Regional Fusion Center (MRFC) was transferred from the Department of Public Safety (DPS) to Homeland on October 15, 2018 corresponding to Governor Ralph Torres's Directive No. 2018-002. MRFC is situated at the EOC facility. According to the most recent organizational chart, this division has five (5) employees and is headed by Mark Borja.

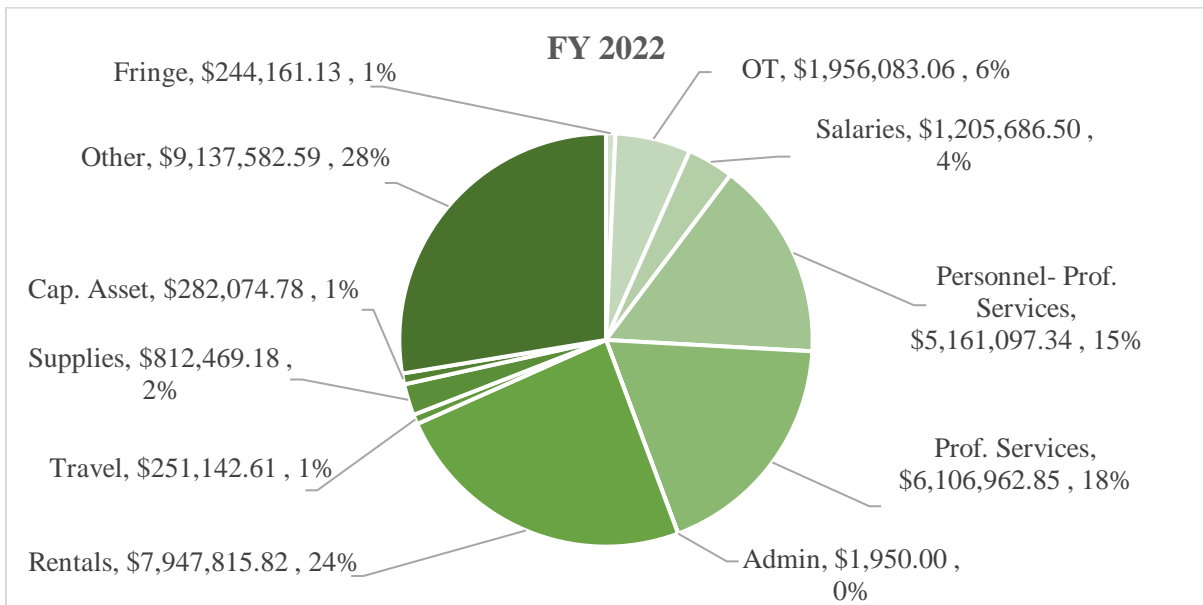
MRFC's role is to support and assist MRFC Guam with sharing intelligence information. They contribute to the Information Sharing Environment through their role in receiving and analyzing information and disseminating that information to critical department agencies.

Transition Findings

Finance Section Findings

- I. The combined expenditures of FY 2020 (-\$72,288,120.00) and FY 2022 (-\$51,379,547.50) equal a total of -\$123,667,667.50, which has yet to be reimbursed by the Public Assistance Office, resulting in a colossal deficit.

The below pie chart depicts the spending trends of FY 2022 under the account no. 1699J for COVID-19. Approximately 28% of total expenditures was charged to the “Other” subaccount. The extensive spending resulted in an ending balance and deficit of *negative forty-nine million seven hundred twenty-six thousand ninety and 87/100 dollars* (-\$49,726,090.87).



- II. It is clear that an issue facing the Finance Section of HSEM is the high turnover rate. One contributing factor uncovered is the lack of Standard Operating Procedures for positions within the Finance Section. HSEM has become a catch-all department for new employees with limited to no training.
- III. The San Antonio Warehouse is the most expensive lease and is paid on a 90-day basis via Purchase Orders. This continued for two years and is only now in contract formation/ routing process.
- IV. Employees located in Rota are consistently being reassigned to HSEM sections in Saipan, incurring unnecessary travel costs.
- V. It has been discovered that one (1) HSEM employee that is said to be located at Building 1237 as per HSEM’s Employee Listing, is in fact is stationed at the Commonwealth Healthcare Corporation. This employee does not report to HSEM supervisors and does not provide time records to HSEM, but is funded through HSEM ARPA funds. It is unknown to the HSEM Finance Section if there are other employees in similar situations.
- VI. There was less than 15 days’ notice granted to these 94 employees, and as per Ms. Mesa, there is no plan to extend these contracts.

Grants Section Findings

- I. Naomi said the position of program coordinator for National Tsunami Hazard Mitigation Program (NTHMP), at the time of our interview with her, was only filled about fifteen months ago. She said the position has had a high turnover, for reasons, she speculated, the incumbent was unfamiliar with grants and had no experience handling or working with grants.
- II. When we asked her if grants section maintains an inventory of all fixed assets purchased using grant funds, Naomi said grants section does not keep an inventory of fixed assets and it would be HSEM Logistics section that should keep the inventory. Naomi shared that grantors consider fixed assets as having a purchase value of \$5,000.00 or more. Grantors consider goods with acquisition value of less than \$5,000.00 as supplies, which means grantors would not account the goods as assets that must be used up to their useful life.
- III. The HSEM grants section has not seen nor received any portion of indirect costs associated with the grants it administers. Naomi said she does not know why HSEM has not received any indirect costs for the grants awarded to HSEM, but did say that she believes, although she said she was not sure, that all indirect costs go to the CNMI Office of Grants Management and State Clearinghouse (“OGMSC”). She stated that she did not know the percentage of indirect costs that HSEM could avail to from all the grants awarded to HSEM.
- IV. A search of the CNMI Law Revision Commission online page did not yield results that HSEM has published and adopted rules and regulations to implement the HSEM enabling law, as provided in 1 CMC § 20147.

Logistics Section Findings

- I. 1 Pathfinder and 2 Tacoma Pick-up Trucks were shipped to Rota under HSEM expense, though all three vehicles are not HSEM property
- II. Former juvenile detention is currently being utilized by CCF under Dennis Mendiola’s command. The facility is known to be condemned. HSEM has a storage room (JDU Library) to store COVID supplies.
- III. Per listing provided to our team, HSEM has 74 procured vehicles and most were transferred to various government agencies to be utilized
- IV. During the pandemic there were over 40 vehicles rented under HSEM expense.
- V. \$10,000.00 open account for fuel was available with IPE to accommodate COVID operations utilizing HSEM funds.
- VI. A Honda Passport (rental vehicle) assigned to Warren F. Villagomez of CHCC underwent modifications without prior federal approval. Funds used in this effort were associated with the COVID Task Force.

Operations Section Findings

- I. Organizational Chart review and determinations of effectiveness towards agency goals. The EMD, is responsible for the coordination of EOC Activities before during and after activations. An assessment must be done to determine whether existing positions fulfill this mandate.
- II. Updates to the HSEM Administrative Manual: The HSEM Administrative manual, acts as a foundation for all activities under HSEM. Approved by the Governor and Administered through the Homeland Security Advisor, the Administrative Manual carves out the extent to which each position and function is needed within an agency.

- III. Requirement for Infusion of Local Financial Resources: The ability for the CNMI to respond to and recover from disasters, has for several years, been a responsibility that has placed huge financial requirements on the CNMI. With the exception of WebEOC, funded through the 22nd SNILD Delegation, the CNMI has not made any true commitments through local funds to improve upon the practices of existing agencies. Please note, while grants funds provided for expense on consistent cost-related categories, not every cost category is funded or allowed under disaster financial management. The Local Government must infuse funds into HSEM for purposes of ensuring expenses (i.e., Northern Islands Medivacs) do not impugn on the agency's ability to effectively manage disasters.

Emergency Management Section Findings

- I. A significant priority from FY2022 (October 01, 2021-September 30, 2022) for the DEM is the response, relief, and recovery efforts for COVID-19 pandemic. All sections under the DEM were activated. These are roll-over priorities from the previous fiscal year as these sections have been heavily involved since calendar year 2020 to support the efforts of the pandemic.
- a. HSEM has a lease of two warehouse; one in Gualo Rai, one in San Antonio
 - b. 25% of PPE's at San Antonio warehouse HASN'T shipped to Tinian even during the pandemic.
 - c. 25% of PPE's shipped to Rota.

Marianas Regional Fusion Center Section Findings

- I. Inquiries made into the existing fleet of the MRFC determined that vehicles under this section were altered without prior notice provided to leadership or direct supervisors.
- II. An employee from HSEM within this section, under the tenure of the previous administration, accrued over 100+ hours of AWOL (Absent without Leave), but was not disciplined by his superior.
- III. An employee from HSEM under this section was issued an HSEM vehicle. This same individual coordinated with DPS to tint his vehicle (unallowable by grant standards) and receive both government and private license plates.
- IV. MRFC currently has no existing building or facility; therefore, MRFC staff work at the back of EOC
- V. As of December 28, 2022, MRFC has only two (2) employees due to a memo from DPS recalling their detailed police officers to report back to their original work place

Transition Recommendations

Finance Section Recommendations

- I. A deep dive audit is recommended regarding COVID-19 accounts such as 1699J to investigate the excessive expenditures incurred, which resulted in over a \$100 million dollar deficit.
- II. Ms. Mesa currently holds two titles under the HSEM Finance Section. It is recommended that a separate staff member be assigned as the Budget Analyst in order to separate the duties of the Finance Section Chief and the Budget Analyst.
- III. A set of Standard Operation Procedures (SOP) must be created and adopted by the Finance HSEM section to ensure consistency and quality and to set performance standards.

Grants Section Recommendations

- I. For HSEM grants section to perform efficiently, *i.e.*, accomplish tasks as described in the grants, and to maintain compliance with the grant terms and conditions, selecting the best candidate to be hired should be deferred to the grants manager, and that her selection should be the applicant that is actually hired. This approach may reduce the high turnover of the NTHMP program coordinator position, or any other position in the grants section, for that matter.
- II. For HSEM grants sections to consistently ensure that grant funds are spent in compliance with the terms and conditions of the grants, it must keep and maintain an inventory of all fixed assets acquired using grant funds. The new, incoming management must prioritize a complete inventory of all fixed assets purchased with grant funds, and require the grants section to regularly update the inventory.
- III. It would be well for the new, incoming HSEM management to familiarize itself with the specifics of the grant awards now under the control of the grants section. A detailed review of all past indirect costs due HSEM must be conducted and accounted for, regardless if a policy of the CNMI government is in placed requiring all indirect costs to be allocate to the OGMSC. P.L. 18-04 requires that all Indirect Costs received by HSEM, be used to fund on-going operations.
- IV. The new, incoming HSEM management ought to consider promulgating and adopting rules and regulations to further the purposes of the law establishing the HSEM and granting it the powers to administer the law. Promulgating and adopting rules and regulations might serve the HSEM as 1 CMC § 20147 authorizes the HSEM to imposed fines and penalties, issue orders, and seek remedies as provided by other laws.

Logistics Section Recommendations

- I. Fleet Management: Logistics must make an effort to manage and maintain current vehicle motor pools and organize themselves accordingly.
- II. Custody of documentation: The Planning Process, specific to the documentation of assets and commodities must be strictly adhered to and enforced.
- III. HSEM must find a more stable solution to addressing the issues of assets with the current staffing on-hand. A requirement for additional personnel should not be relevant unless during a response.

Operations Section Recommendations

- I. Leadership and Operations must work hand in hand with one another to ensure continuity of operations.
- II. The potential and observation for cliques will hinder HSEM's ability to successfully administer to the CNMI. When factions are formed within an agency, a hostile environment exists.
- III. Local Support = Less Federal Oversight. For several years the agency has remained entirely dependent on grant funds to effectuate change in the CNMI. This has left the CNMI vulnerable to the requests of Federal counterparts such as FEMA. Infuse local resources to minimize the reliance and dependence on Federal Funding.
- IV. HSEM coordinated through their SA Warehouse to contract with CTSI on the movement of assets from San Antonio to their required destination. This same practice was not replicated at Gualo Rai Warehouse, but would have provided the needed transparency to respond to questions.

Emergency Management Section Recommendations

- I. Organizational Chart review and determinations of effectiveness towards agency goals. The EMD, is responsible for the coordination of EOC Activities before during and after activations. An assessment must be done to determine whether existing positions fulfill this mandate.
- II. Updates to the HSEM Administrative Manual: The HSEM Administrative manual, acts as a foundation for all activities under HSEM. Approved by the Governor and Administered through the Homeland Security Advisor, the Administrative Manual carves out the extent to which each position and function is needed within an agency.
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Marianas Regional Fusion Center Section Recommendations

- I. MRFC- CNMI Node must work closely with Federal partners to build capabilities within the CNMI that provide actionable information for Law Enforcement Organizations.
- II. The MRFC must build relationships with other regional partners to ensure that information and intelligence continues to flow to the required agencies.
- III. The MRFC must focus on building capacity through collaboration and support from the local enforcement agencies such as DPS, DFEMS, DOC, ABTC and Customs.
- IV. Follow-ups with the MRFC to determine the effectiveness of existing Manuals and their application within the section is needed.

Overall Department Recommendations

- I. Given the short timeframe under which our transition team had to work, the size of HSEM, and the complicated nature of the Agency's financials and inventory documentation, we believe our investigation and review work should continue beyond the administration transition period. We recommend that the new administration continue a deep dive audit of the agency and/or request the Attorney General to investigate. We have documented a number of irregularities in our report which could be uncovered given additional time.
- II. Random Drug Testing should be implemented to all HSEM staff.

Submitted by with signatures:

Transition Dept/Agency Team Leader:


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Acha Lifofoi

Assisted by following personnel:

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Anthony Tomokane


Tony A. Frank


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Sunny Frank Aldan-Salas