

**UNITED STATES
ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL**



**Administration of Payments Received
Under the Help America Vote Act by
the Massachusetts Secretary of the
Commonwealth**



OFFICE OF THE INSPECTOR GENERAL
US ELECTION ASSISTANCE COMMISSION
633 3RD STREET, NW, SUITE 200
WASHINGTON, DC 20001

Memorandum

To: Mona Harrington
Executive Director

From: *Patricia L. Layfield*
Patricia L. Layfield
Inspector General

Date: February 4, 2021

Subject: Final Performance Audit Report – Administration of Payments Received Under the Help America Vote Act by the Massachusetts Secretary of the Commonwealth (Assignment Number E-HP-MA-11-20)

The Office of Inspector General (OIG) engaged McBride, Lock & Associates, LLC (MLA), an independent certified public accounting firm, to audit the administration of payments received under the Help America Vote Act (HAVA) by the Massachusetts Secretary of the Commonwealth (MASOC). The audit scope covered the grant funds received and disbursed by the MASOC, from June 18, 2018, through September 30, 2019. The \$7.9 million in funds paid to the MASOC represented Massachusetts' share of the appropriation of \$380 million under the Consolidated Appropriations Act of 2018 (P.L. 115-151). MASOC expended approximately \$2.0 million of the HAVA funds (including state matching funds and program income) during the period covered by the audit.

Results of Audit

Based on the audit procedures performed, MLA concluded that, except for the matters discussed below, the Office the Office generally accounted for and expended the Grant funds in accordance with Federal requirements for the period from June 29, 2018 through September 30, 2019. However, MLA noted the following exceptions:

1. Program income reported on the Federal Financial Reports (FFRs) was not supported in total by the supporting documentation provided by the MASOC.

2. The Schedule of Expenditures of Federal Awards (SEFA) for the Commonwealth of Massachusetts reported \$5,280,822 of expenditures for the year ended June 30, 2019 under Catalog of Federal Domestic Assistance (CFDA) 90.401, Help America Vote Act Requirements Payments. The correct CFDA for the \$1,474,520 of Election Security Grant expenditures for the year ended June 30, 2019 is 90.404.

The Office generally agreed with the report's findings and recommendations. The EAC responded on January 14, 2021 and stated that they are reviewing the Office's planned actions.

We would appreciate being kept informed of the actions taken on our recommendations as we will track the status of their implementation. Please respond in writing concerning the status of your audit follow-up on the findings and recommendation included in this report by March 15, 2021. Your response should include information on actions taken or planned, targeted completion dates, and titles of officials responsible for implementation.

Evaluation of MLA's Audit Performance

To fulfill our responsibilities under Government Auditing Standards, the Office of Inspector General:

- Reviewed MLA's approach and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Reviewed MLA's audit report and selected work products, to ensure compliance with Government Auditing Standards; and
- Coordinated issuance of the audit report.

MLA is responsible for the attached auditor's report and the findings and conclusions expressed in the report. The work the EAC OIG performed in evaluating MLA's conduct of the audit was not sufficient to support an opinion on the effectiveness of internal control or compliance with laws and regulations, thus EAC OIG does not express any opinion on the internal controls or compliance of the MASOC.

The Inspector General Act of 1978, as amended, requires semiannual reporting to Congress on all reports issued, actions taken to implement recommendations, and recommendations that have not been implemented. Therefore, we will report the issuance of this audit report in our next semiannual report to Congress. The distribution of this report is not restricted and copies are available for public inspection. Pursuant to the IG Empowerment Act of 2016, the EAC OIG will post this audit report on the OIG website within 3 days of its issuance to EAC management. The OIG will also post the report to Oversight.gov.

If you have any questions regarding this report, please call me at (202) 853-2760.

cc: Commissioner Benjamin W. Hovland, Chair
Commissioner Donald L. Palmer, Vice-Chair
Commissioner Thomas Hicks
Commissioner Christy McCormick
Michelle K. Tassinari, Director and Legal Counsel, Elections Division, Office of the
Secretary of the Commonwealth of Massachusetts

Attachment

McBRIDE, LOCK & ASSOCIATES, LLC

Certified Public Accountants

Established 1980

Performance Audit Report

Administration of Election Security Payments Received Under the Help America Vote Act by the Massachusetts Secretary of the Commonwealth

Prepared for

**The United States Election Assistance Commission (EAC)
Office of Inspector General**

By

McBride, Lock & Associates, LLC

December 2020

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Performance Audit Report
Administration of Election Security Payments Received Under the Help
America Vote Act by the Massachusetts Secretary of the Commonwealth

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**U.S. Election Assistance Commission
Performance Audit Report
Administration of Election Security Payments Received Under the Help
America Vote Act by the Massachusetts Secretary of the Commonwealth**

EXECUTIVE SUMMARY

McBride, Lock & Associates, LLC was engaged by the United States Election Assistance Commission (EAC) Office of the Inspector General to conduct a performance audit of the election security funds the Massachusetts Secretary of the Commonwealth's Office (Office) received between June 18, 2018 and September 30, 2019. The objective of the audit was to determine whether the Office used payments authorized by Section 101 of the Help America Vote Act of 2002 (the HAVA) in accordance with HAVA and applicable requirements; properly accounted for and controlled the funds and property purchased with HAVA payments; and used the funds in a manner consistent with the budget plan provided to EAC.

In addition, the Commission requires states to comply with certain financial management requirements, specifically:

- Expend payments in accordance with Federal cost principles established by the Office of Management and Budget (OMB) – (2 CFR 200).
- Submit detailed annual financial reports on the use of Title I payments.
- Maintain documents and records subject to audit to determine whether payments were used in compliance with HAVA.

We conducted this performance audit 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the audit procedures performed, except for the matters discussed below, we concluded that the Office generally accounted for and expended the Grant funds in accordance with the requirements mentioned above for the period from June 18, 2018 through September 30, 2019. The exceptions are as follows:

1. Program income reported on the Federal Financial Reports (FFRs) was not supported in total by the supporting documentation provided by the state.
2. The Schedule of Expenditures of Federal Awards (SEFA) for the Commonwealth of Massachusetts reported \$5,280,822 of expenditures for the year ended June 30, 2019 under Catalog of Federal Domestic Assistance (CFDA) 90.401, Help America Vote Act

Requirements Payments. The correct CFDA for the \$1,474,520 of Election Security Grant expenditures for the year ended June 30, 2019 is 90.404.

We have included in this report as Appendix A, the Secretary of the Commonwealth's written response to the draft report. Such response has not been subjected to the audit procedures and, accordingly, we do not provide any form of assurance on the appropriateness of the response or the effectiveness of the corrective actions described therein.

BACKGROUND

The Help America Vote Act of 2002 (HAVA) created the U.S. Election Assistance Commission (Commission) to assist States and insular areas (hereinafter referred to as States) with improving the administration of federal elections and to provide funds to States to help implement these improvements. The Commission administers grants to States authorized by HAVA under Title I, as follows:

- Title I, Section 101 payments are for activities such as complying with Title III of HAVA for uniform and nondiscriminatory election technology and administration requirements; improving the administration of elections for Federal office; educating voters; training election officials and poll workers; developing a state plan for requirements payments; improving, acquiring, leasing, modifying, or replacing voting systems and methods for casting and counting votes; improving the accessibility and quantity of polling places; and establishing toll-free telephone hotlines that voters may use.

The 2018 HAVA Election Security Grant also requires that states must:

- Provide matching funds equal to 5 percent of the total federal funds within two years of the award to be spent for activities for which Election Security Grants are made.
- Maintain all federal funds and state cash matching funds in the state election fund, as described in Section 104 (d) of HAVA, along with interest earned on the award's funds. States may also track eligible funds/activities from their state and local general operating budgets to meet the match obligations. State and local funds used for match must be different from funds used to meet Maintenance of Effort or state match associated with HAVA Requirements Payments.

The Awardee – The Massachusetts Secretary of the Commonwealth

The HAVA funds were awarded to the Massachusetts Secretary of the Commonwealth (the Office). The Secretary of the Commonwealth is the chief record-keeping, public information, securities regulator, and elections officer of the Commonwealth. The office is responsible for the maintenance of public records, administration of elections, storage of historical data, preservation of historical sites, registration of corporations, and the filing and distribution of regulations and public documents. The elections are conducted at the municipal level with responsible officials at each of the 351 municipalities.

Help America Vote Act Commonwealth of Massachusetts Plan

The State of Massachusetts' HAVA budget narrative was prepared by the Secretary of the Commonwealth. The main objectives of the project funded by HAVA, as set forth in the budget letter, were to make funds available as grants to the local election officials for the purchase of voting equipment, and additional voter registration technology such as electronic poll books. The Office proposed spending part of the budget on upgrades and improvements to the statewide database of registered voters. The Office proposed spending a part of the budget, and all of the match, on cyber security, specifically on new networking equipment and workstations used by local election officials to access the statewide database, and additional equipment to be used for the backup of the statewide voter file. The Office expended \$1,484,663 for their cities and towns. The funds were for computer hardware, software, licensing and training.

AUDIT OBJECTIVES

The objectives of our audit were to determine whether the Office:

1. Used funds for authorized purposes in accordance with Section 101 of HAVA and other applicable requirements;
2. Properly accounted for and controlled property purchased with HAVA payments; and
3. Used the funds in a manner consistent with the budget plan provided to EAC.

In addition to accounting for Grant payments, the Grant requires states to maintain records that are consistent with sound accounting principles that fully disclose the amount and disposition of the payments, that identify the project costs financed with the payments and other sources, and that will facilitate an effective audit. The Commission requires states receiving Grant funds to comply with certain financial management requirements, specifically:

- Expend payments in accordance with Federal cost principles established by the Office of Management and Budget (OMB) – (2 CFR 200).
- Submit detailed annual financial reports on the use of Title I payments.
- Maintain documents and records subject to audit to determine whether payments were used in compliance with HAVA.

SCOPE AND METHODOLOGY

We audited the Grant funds received and disbursed by the Office, from June 18, 2018 through September 30, 2019. These funds are related to the appropriation of \$380 million under the Consolidated Appropriations Act (CAA), 2018 (P.L. 115-151). The scope of activity audited is shown in the following table:

Description	Election Security Funds
Funds Received from EAC	\$ 7,890,854
State Matching Funds	394,543
Program Income	209,764
Total Funds	\$ 8,495,161
Less Disbursements	(2,049,194)
Fund Balance	<u>\$ 6,445,967</u>

The Office’s expenditures detailed by budget and program category are included as Appendix C.

In planning and performing our audit, we identified the following internal control components and underlying internal control principles as significant to the audit objective:

Objective	Component	Principle
1	Control Activities	Selects and develops control activities Selects and develops general controls over technology Deploys through policies and procedures
	Information and Communication	Uses Relevant Information Communicates Internally
2	Control Activities	Selects and develops control activities Selects and develops general controls over technology Deploys through policies and procedures
3	Control Activities	Selects and develops control activities Selects and develops general controls over technology Deploys through policies and procedures

We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies that we believe could affect the Office’s ability to correctly state financial information and properly account for and control property. The internal control deficiencies we found are discussed in the Audit Results section of this report.

Additionally, for the components and principles which we determined to be significant, we assessed the internal controls and compliance with laws and regulations necessary to satisfy the audit objective.

However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

AUDIT RESULTS

We conducted this performance audit 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the audit procedures performed, except for the matters discussed below, we concluded that the Office accounted for and expended the HAVA funds in accordance with the requirements mentioned above, properly accounted for and controlled property purchased, and used the funds in a manner consistent with the budget plan for the period from June 18, 2018 through September 30, 2019. The exceptions to applicable compliance requirements are described below.

Finding No. 1 – Financial Reporting of Program Income

Program income reported on the Federal Financial Reports (FFRs) was not supported in total by the supporting documentation provided by the state. The total program income earned as reported by the Office for the Election Security grant was \$76,125. The total program income earned as documented on the Office's internal records was \$209,764, which is \$133,639 more than what was reported on the FFR as of September 30, 2019.

The terms and conditions of the Election Security grant awards require the submission of an accurate and complete Federal Form 425 (Federal Financial Report) which reflect the uses of award funds and the interest and program income generated from those funds. HAVA Title IX, Section 902. AUDITS AND REPAYMENT OF FUNDS, Part (a) – Recordkeeping Requirement states, “Each recipient of a grant or other payment made under this Act shall keep such records with respect to the payment as are consistent with sound accounting principles, including records which fully disclose the amount and disposition by such recipient of funds, the total cost of the project or undertaking for which such funds are used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.”

The discrepancy was caused by formula errors in the Office's internal records which are used to track program income.

Proper reporting of program income generated by federal funds ensures that the funds are tracked and spent in accordance with federal regulations.

Recommendation

1. We recommend that the EAC require the Office implement a procedure to perform an independent review of significant formulas prior to reporting grant activity in the financial reports.

Secretary of the Commonwealth's Response:

The Division is required to report program income in accordance with the terms and conditions of the Election Security Grant. The program income reported of the Federal Financial Reports (FFRs) was not accurate and were the result of formula errors in the Office's internal records which are used to track program income.

As noted, in the DAR, appropriate corrective action has been taken to ensure that the cumulative data reported to the EAC reflects detailed state records. The Division has strengthened our internal controls that require an independent review of all financial report preparation to ensure accurate reporting and has established enhanced oversight to properly track expenditures and account for grant funds to ensure compliance with HAVA. The Division regularly monitors HAVA grant activity, which is being reconciled quarterly.

Auditor's Response:

The proposed corrective actions, if implemented, would be sufficient to resolve the finding.

Finding No. 2 – Identification of CFDA on SEFA

The Schedule of Expenditures of Federal Awards (SEFA) for the Commonwealth of Massachusetts reported \$5,280,822 of expenditures for the year ended June 30, 2019 under Catalog of Federal Domestic Assistance (CFDA) 90.401, Help America Vote Act Requirements Payments. The correct CFDA for the \$1,474,520 of Election Security Grant expenditures for the year ended June 30, 2019 is 90.404.

The Uniform Guidance at 2 CFR 200.302(b) states that, "The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any." Office of the Comptroller of the Commonwealth of Massachusetts MMARS Policy: Federal Grants dated September 8, 2014 states "that a new Major Program/Appropriation is created for each new federal grant. There should be only one Major Program assigned to an appropriation."

The Election Security Grant funds were deposited into the same Appropriation as the original HAVA funds and no distinction was made by the Office of the Comptroller for the Election Security Grant's differing CFDA number when preparing the Statewide Schedule of Expenditures of Federal Awards.

Proper identification of a federal program's CFDA number increases the likelihood that the entity complies with the requirements of that program.

Recommendation

2. We recommend that the EAC require the Office to follow the implemented policy from the Office of Comptroller to ensure amounts reported by the Office of the Comptroller on the Statewide SEFA are accurate and are properly identified by CFDA title and number in compliance with Uniform Guidance.

Secretary of the Commonwealth's Response:

The Catalog of Federal Domestic Assistance (CFDA) of Election Security Grant expenditures for the year ended June 30, 2019 is 90.404 but was incorrectly reported under CFDA 90.401 by a different state agency. The Election Security Grant funds were deposited into the same Appropriation as the original HAVA funds and no distinction was made by the Office of the Comptroller for the Election Security Grants differing CFDA number when preparing the Statewide Schedule of Expenditures of Federal Awards.

Presently, the Commonwealth of Massachusetts State Comptroller's Office reports all HAVA grant program expenditures on one line item. In accordance with your recommendation, we will contact the Comptroller's Office and formally request that they modify federal HAVA reporting to identify each grant separately.

Auditor's Response:

The proposed corrective actions, if implemented, would be sufficient to resolve the finding.

We provided a draft of our report to the appropriate individuals of the Office of the Massachusetts Secretary of the Commonwealth. We considered any comments received prior to finalizing this report.

The Office responded on January 11, 2021 and generally agreed with the report's findings and recommendations. The EAC responded on January 14, 2021 and stated that they are reviewing the Office's planned actions. The Office's complete response is included as Appendix A-1 and the EAC's complete response as Appendix A-2.

McBride, Lock & Associates, LLC performed the related audit procedures between December 6, 2019 and December 1, 2020.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
December 1, 2020

APPENDIX A-1

**Response of the Massachusetts
Secretary of the Commonwealth to the Draft Report**



The Commonwealth of Massachusetts

William Francis Galvin, Secretary of the Commonwealth
Elections Division

January 11, 2021

Patricia L. Layfield
Inspector General
U.S. Election Assistance Commission
633 3rd Street, NW, Suite 200
Washington, DC 20001

Aaron Rhodenbaugh
McBride, Lock and Associates
4151 N. Mulberry Drive, Suite 275
Kansas City, MO 64116

Dear Ms. Layfield and Mr. Rhodenbaugh:

The Elections Division within the Office of the Secretary of the Commonwealth (Division) welcomes the opportunity to respond to the Draft Audit Report (DAR) prepared by McBride, Lock and Associates (MLA) in connection with the Election Security Payments received under the Help America Vote Act (HAVA), covering the period June 18, 2018 through September 30, 2019.

Since the inception of HAVA, the Division has taken extra care in considering the use of HAVA funds and implementing requirements in accordance with HAVA. With these new funds dedicated to election security, the Division carefully reviews all guidance available to ensure funds are used for their intended purpose and in accordance with law and regulation. We appreciate the recognition that the Division accounted for and expended the HAVA funds in accordance with the requirements, properly accounted for and controlled property purchased, and used the funds in a manner consistent with the budget plan submitted. The Division welcomes the opportunity to provide written responses to the draft report's findings and recommendations and is committed to resolving any concerns set forth in the report. Please find our written responses below.

Finding No. 1 – Financial Reporting of Program Income

The Division is required to report program income in accordance with the terms and conditions of the Election Security Grant. The program income reported of the Federal Financial Reports (FFRs) was not accurate and were the result of formula errors in the Office's internal records which are used to track program income.

As noted, in the DAR, appropriate corrective action has been taken to ensure that the cumulative data reported to the EAC reflects detailed state records.¹ The Division has strengthened our internal controls that require an independent review of all financial report preparation to ensure accurate reporting and has established enhanced oversight to properly track expenditures and account for grant funds to ensure compliance with HAVA. The Division regularly monitors HAVA grant activity, which is being reconciled quarterly.

Finding No. 2 – Identification of CFDA on SEFA

The Catalog of Federal Domestic Assistance (CFDA) of Election Security Grant expenditures for the year ended June 30, 2019 is 90.404 but was incorrectly reported under CFDA 90.401 by a different state agency. The Election Security Grant funds were deposited into the same Appropriation as the original HAVA funds and no distinction was made by the Office of the Comptroller for the Election Security Grants differing CFDA number when preparing the Statewide Schedule of Expenditures of Federal Awards.

Presently, the Commonwealth of Massachusetts State Comptroller's Office reports all HAVA grant program expenditures on one line item. In accordance with your recommendation, we will contact the Comptroller's Office and formally request that they modify federal HAVA reporting to identify each grant separately.

Conclusion:

The Division appreciates the opportunities afforded by Election Security Grant to ensure our elections are safe and secure and have used the funds to create a cyber-security team that works directly with our local election officials. The Division will continue to use these security funds to improve the administration of federal elections in the Commonwealth. Finally, the Division welcomes guidance provided by the EAC on HAVA funding requirements including that specific to security funding and remains committed to working with the OIG and EAC in the future.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions or require any additional information.

Very truly yours,



Michelle K. Tassinari
Director/Legal Counsel
Elections Division
Office of the Secretary of the Commonwealth

cc: Kinza Ghaznavi

¹ As soon as the formula error was brought to our attention by the auditing team, we filed an amended Election Security Federal Financial Report to correct the income reporting discrepancy.

APPENDIX A-2

**Response of the
U.S. Election Assistance Commission
to the Draft Report**



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

TO: Patricia Layfield
Inspector General

FROM: Mona Harrington
Executive Director
Mona Harrington

DATE: January 14, 2021

RE: Response to the Draft Performance Audit Report, *Administration of Payments Received under the Help America Vote Act by the Massachusetts Secretary of the Commonwealth*

Thank you for the opportunity to respond to the draft performance audit report of EAC's grant funds to Massachusetts.

We appreciate the auditor's findings and recommendations and are reviewing the Massachusetts Secretary of the Commonwealth's planned actions. The Secretary's office submitted a revised Federal Financial Report (FFR) to correct the miscalculation errors and is working with the state comptroller's office to modify HAVA reporting to report grants separately. With these actions, the findings in the draft report will be addressed and EAC can provide its final management decision to the OIG soon after the audit report is issued as final.

AUDIT SCOPE AND METHODOLOGY

Our audit methodology included:

- Assessing audit risk and significance within the context of the audit objectives.
- Obtaining an understanding of internal control that is significant to the administration of the HAVA funds and of relevant information systems controls as applicable.
- Identifying sources of evidence and the amount and type of evidence required.
- Determining whether other auditors have conducted, or are conducting, audits of the program that could be relevant to the audit objectives.

As part of our audit, we gained an overall understanding of the internal control environment at the Office. Based on this understanding, we identified certain internal controls that we considered to be significant (or key controls) to achieving each objective. All components of internal control are relevant, but not all may be significant. Significance is defined as the relative importance of a matter within the context in which it is being considered, and is a matter of professional judgment. We made the following determination as to the significance of the underlying internal control principles:

	Objective		
	1	2	3
Control Environment			
1. Demonstrates Commitment to integrity and ethical values	No	No	No
2. Exercises oversight responsibility	No	No	No
3. Establishes structure, authority, and responsibility	No	No	No
4. Demonstrates commitment to competence	No	No	No
5. Enforces accountability.	No	No	No
Risk Assessment			
6. Specifies suitable objectives	No	No	No
7. Identifies and analyzes risk	No	No	No
8. Assesses fraud risk	No	No	No
9. Identifies and analyzes significant change	No	No	No
Control Activities			
10. Selects and develops control activities	Yes	Yes	Yes
11. Selects and develops general controls over technology	Yes	Yes	Yes
12. Deploys through policies and procedures	Yes	Yes	Yes
Information and Communication			
13. Uses relevant information	Yes	No	No
14. Communicates internally	Yes	No	No
15. Communicates externally	No	No	No
Monitoring			
16. Conducts ongoing and/or separate evaluations	No	No	No
17. Evaluates and communicates deficiencies	No	No	No

The significance was determined as follows:

Objective 1: Control Activities and its underlying principles were deemed to be significant to our determination of the awardee’s compliance with the objective. The Control Activities component includes the design and implementation of specific tasks performed by individuals within the entity to fulfill their duties and responsibilities and to respond to identified risks. These principles address the design and implementation of activities related to management review, segregation of duties (including restriction of access with the information system), and documentation of internal controls and transactions. We determined these principles to be the most significant to the Commonwealth’s proper use of funds and compliance with award requirements.

The Information and Communication principles of Use Relevant Information and Communicate Internally were deemed to be significant to our determination of the awardee’s compliance with the FFR reporting portion of this objective. These principles address the quality of the information and the internal communication processes used to compile the data necessary to meet the Commonwealth’s reporting objectives.

Objective 2: Control Activities and its underlying principles were deemed to be significant to our determination of the awardee's compliance with the objective. The Control Activities component includes the design and implementation of specific tasks performed by individuals within the entity to fulfill their duties and responsibilities and to respond to identified risks. These principles address the design and implementation of activities related to management review, segregation of duties (including restriction of access with the information system), and documentation of internal controls and transactions. We determined these principles to be the most significant to the Commonwealth's proper accounting and control over equipment purchased with HAVA funds.

Objective 3: Control Activities and its underlying principles were deemed to be significant to our determination of the awardee's compliance with the objective. The Control Activities component includes the design and implementation of specific tasks performed by individuals within the entity to fulfill their duties and responsibilities and to respond to identified risks. These principles address the design and implementation of activities related to management review, segregation of duties (including restriction of access with the information system), and documentation of internal controls and transactions. We determined these principles to be the most significant to the Commonwealth's use of funds in a manner consistent with the plans provided to EAC.

To implement our audit methodology, below are some of the audit procedures we performed.

- Interviewed appropriate Office employees about the organization and operations of the HAVA program.
- Reviewed prior single audit reports and other reviews related to the State's financial management systems and the HAVA program for the period under review.
- Reviewed policies, procedures and regulations for the Office management and accounting systems as they relate to the administration of the HAVA program.
- Tested major purchases and the supporting documentation.
- Tested randomly sampled payments made with HAVA funds.
- Evaluated compliance with the requirements for accumulating financial information reported to the Commission on the financial status reports and progress reports, accounting for property, purchasing HAVA related goods and services, and using funds in a manner consistent with the budget plan provided to EAC.
- Verified the establishment and maintenance of an election fund.
- Observed the physical security/safeguards of selected equipment purchased with HAVA funds and ensure compliance with federal regulation.
- Verified whether the matching requirement was met and, if so, that matching expenditures met the prescribed criteria and allowability requirements of HAVA.
- Verified program income was properly accounted for and not remitted to the State's general fund.

**EXPENDITURES BY BUDGET CATEGORY AND PROGRAM CATEGORY
JUNE 18, 2018 TO SEPTEMBER 30, 2019**

Budget Categories	Program Categories						Total
	Voting Equipment	Election Auditing	Voter Registration Systems	Cyber Security	Communications	Other	
Personnel (Including Fringe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	-	-	1,223,794	-	-	-	1,223,794
Subgrants	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-
All Other Costs	-	-	-	430,857	-	-	430,857
Total Direct Costs	\$ -	\$ -	\$ 1,223,794	\$ 430,857	\$ -	\$ -	\$ 1,654,651
Indirect Costs (if applied)	-	-	-	-	-	-	-
Total Federal Expenditures	\$ -	\$ -	\$ 1,223,794	\$ 430,857	\$ -	\$ -	\$ 1,654,651
Non-Federal Match	-	-	-	394,543	-	-	394,543
Total Program Expenditures	\$ -	\$ -	\$ 1,223,794	\$ 825,400	\$ -	\$ -	\$ 2,049,194

MONETARY IMPACT AS OF SEPTEMBER 30, 2019

Description	Questioned Costs	Unsupported Costs	Additional Funds for Program
None	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -



Inspector General

U.S. Election Assistance Commission

This report, as well as other OIG reports and testimony, are available on the internet at:
[EAC OIG Reports Page](#)