

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



**Administration of Payments Received
Under the Help America Vote Act by
the New Mexico Secretary of State**



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*
Inspector General

Date: January 6, 2021

Subject: Final Performance Audit Report – Administration of Payments Received Under the Help America Vote Act by the New Mexico Secretary of State (Assignment Number E-HP-NM-12-20)

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 New Mexico Secretary of State (NMSOS). The audit scope covered the grant funds received and disbursed by the NMSOS, from June 11, 2018 through September 30, 2019. The \$3.7 million in funds paid to the NMSOS represented New Mexico's share of the appropriation of \$380 million under the Consolidated Appropriations Act of 2018 (P.L. 115-151). NMSOS expended approximately \$2.7 million of those grant funds during the period covered by the audit.

Results of Audit

Based on the audit procedures performed, except for the matters discussed below, MLA 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 11, 2018 through September 30, 2019. However, the following exceptions were identified:

1. As noted in the two most recent Single Audit reports of the New Mexico Secretary of State's Office (Office) for the years ended June 30, 2019 and 2018, the Office has not been performing periodic physical inventories of fixed assets (items costing \$5,000 or more with a useful life of more than one year).

2. Program income reported on the Federal Financial Reports (FFR) for the federal fiscal years ended September 30, 2019 and 2018 did not agree to the general ledgers provided by the Office. Interest earned for the months of August 2019, July 2019 and June 2018 totaling \$21,805 was not included in the program income reported on the Federal Financial Reports (FFRs).

NMSOS generally agreed with the report's findings and recommendations. The EAC responded that they are reviewing the NMSOS planned actions. The NMSOS' complete response is included as Appendix A-1 and the EAC's complete response as Appendix A-2.

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 to 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 Brown'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, 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 EAC's internal controls or compliance.

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
The Honorable Maggie Toulouse Oliver, New Mexico Secretary of State
Sharon Pino, Deputy Secretary of State
Veronica Albin, Chief Financial Officer, Office of the New Mexico Secretary of State

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 New Mexico Secretary of State

Prepared for

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

By

McBride, Lock & Associates, LLC

November 2020

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Performance Audit Report
Administration of Election Security Payments Received Under the Help
America Vote Act by the New Mexico Secretary of State

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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 New Mexico Secretary of State**

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 New Mexico Secretary of State's Office (Office) received between June 11, 2018 and September 30, 2019. The objective of the audit was to determine whether the Office used payments authorized by Sections 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 plans 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 11, 2018 through September 30, 2019. The exceptions are as follows:

1. Physical inventory inspections of assets were not performed as required by state and federal regulations. Also, the Office's listing of capital assets did not include 2 items purchased with election security funds and the listing included 26 items which were purchased with election security funds but were not identified as being federally funded on the listing.
2. The Federal Financial Reports for the years ended September 30, 2019 and 2018 did not report all interest income that had been allocated to the election fund.

We have included in this report as Appendix A, the Secretary of State'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 New Mexico Secretary of State

The HAVA funds were awarded to the New Mexico Secretary of State (the Office). The mission of the Office of the Secretary of State is to administer elections and government ethics in accordance with state and federal law and to maintain and provide access to the laws, official acts, and other instruments vital to the efficient operation of state government.

The Secretary of State's Bureau of Elections has a wide variety of responsibilities in administering elections in New Mexico, including: Certifying the official lists of candidates running for state offices; coordinating the tabulation of votes from each county on election night; producing election related rules; providing election data; producing voter registration forms and the ability for voters

to update or register to vote online or cancel an existing voter registration; and investigating complaints related to elections and ethics under New Mexico law.

Help America Vote Act State of New Mexico State Plan

The State of New Mexico's HAVA budget letter was prepared by the Secretary of State. The main objectives of the project funded by HAVA, as set forth in the budget letter, were to expend a portion of the funding for immediate improvements prior to the 2018 General Election and then use the remainder over the five year grant period. A majority of the funds were to be used on initiatives that will directly benefit New Mexico counties with a focus on equipment and other improvements.

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 11, 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	\$ 3,699,470
State Matching Funds	-
Program Income	109,685
Total Funds	\$ 3,809,155
Less Disbursements	(1,107,747)
Fund Balance	<u>\$ 2,701,408</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
	Information and Communication	Communicates Externally
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 use funds for authorized purposes 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 11, 2018 through September 30, 2019. The exceptions to applicable compliance requirements are described below.

Finding No. 1 – Recording and Tracking of Election Equipment

As noted in the two most recent Single Audit reports of the New Mexico Secretary of State’s Office (Office) for the years ended June 30, 2019 and 2018, the Office has not been performing periodic physical inventories of fixed assets (items costing \$5,000 or more with a useful life of more than one year).

During our audit, we performed a comparison of invoices to the Office’s asset listing. Of the 173 Image Case Evolution (ICE) tabulators purchased with election security grant funds, the serial numbers of two of the items purchased and delivered to Otero County were not included on the Office’s asset listing. The serial number of 26 items purchased were on the Office’s asset listing but were not identified as being HAVA funded in the “Funding Source” column. The ICE tabulators had a unit price of \$7,300 each (the Office paid \$4,300 each after discount). We selected two counties, which had a total of 81 of the 173 ICE tabulators, for viewing and found that all items were in the possession of the county and were adequately safeguarded.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR 200.302(b) states that, “The financial management system of each non-Federal entity must provide for the following: ...(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes.” The State of New Mexico Department of Finance & Administration Manual of Model Accounting Practices, section FIN 6.6.D.1 states that, “State agencies shall perform a physical inventory of capital assets no later than the end of each fiscal year in compliance with the annual inventory statutory requirement for property and equipment.” FIN 6.7.D.3 states that, “State agencies shall maintain a record of all capital assets they own. The record shall contain at a minimum: i. Source of funding when applicable.”

The Office indicated that physical sightings of equipment from the listings have not been performed due to staffing issues. The inventory listing errors were inadvertent. The Office relied on the election equipment vendor and the counties receiving the equipment to report the serial number and asset tag identifier that was placed on each item as the items were sent directly to the

Counties. The HAVA funded purchases were made at the same time as other non-HAVA funded purchases from the same vendor. The Office verified with Otero County that the two units missing from the listing are in good working condition and they have been added to the listing.

Proper tracking and recording of property purchased with federal funds ensures that the equipment is being used and disposed of in accordance with federal regulations.

Recommendation

We recommend that the EAC address and resolve the following recommendation that the Office:

1. conduct and document a physical inventory on at least a biannual basis in accordance with federal regulations and existing state policies, and
2. implement procedures to ensure that all items purchased with federal funds are properly included and identified on the asset listing as being purchased with federal funds.

Secretary of State Response:

The Office agrees that this exception exists. The list that is maintained in Excel has been revised to include all tabulators purchased and identified as being federally funded. The Office has also purchased asset tags that are a different color than the standard asset tags to indicate equipment that has been purchased with federal funds. While it was the expectation that in fiscal year 2020 the Contracts and Assets Manager and an IT Security Undergraduate Intern would have the opportunity to physically inspect and record the assets in each county, it was not an option to travel throughout the state during the COVID-19 pandemic. It is planned to conduct a physical inventory to verify the location, condition, and ensure that machines are properly recorded and tagged with asset tags during fiscal year 2021. These efforts will be done under the direction of the Chief Financial Officer.

Auditor's Response:

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

Finding No. 2 – Financial Reporting of Interest Income

Program income reported on the Federal Financial Reports (FFR) for the federal fiscal years ended September 30, 2019 and 2018 did not agree to the general ledgers provided by the Office. Interest earned for the months of August 2019, July 2019 and June 2018 totaling \$21,805 was not included in the program income reported on the FFR's.

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 omission of the three months of interest was caused by confusion in identifying election fund activity between state and federal fiscal years when generating the pivot tables used by the Office to complete the FFRs. The State has a fiscal year ending June 30, while the FFRs are based on the federal government fiscal year end of September 30.

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

Recommendation

3. We recommend that the EAC require the Office perform a reconciliation of the grant activity to ensure that all program income earned is fully disclosed in the financial reports.

Secretary of State Response:

The Office agrees that this exception exists. As corrective action, the underreported interest income will be included in the fiscal year 2020 report. Further corrective action includes the creation of a job aid for running the financial system query to ensure it includes complete information and relevant budget periods. These corrections will be done under the direction of the Chief Financial Officer.

Auditor’s Response:

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

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

The Office responded on December 11, 2020 and generally agreed with the report’s findings and recommendations. The EAC responded on December 17, 2020 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 November 23, 2020.



McBride, Lock & Associates, LLC
Kansas City, Missouri
November 23, 2020

Appendix A-1

**Response of the New Mexico
Secretary of State to the Draft Report**



STATE OF NEW MEXICO
MAGGIE TOULOUSE OLIVER
SECRETARY OF STATE

Via Electronic Transmission

December 11, 2020

Patricia L. Layfield, Inspector General
Office of the Inspector General
US Election Assistance Commission
633 3rd Street NW, Suite 200
Washington, DC 20001

Dear Ms. Layfield,

The New Mexico Secretary of State (the Office) has received the Performance Audit Report conducted by McBride, Lock & Associates on the funds received under the Help America Act Vote for the period of June 11, 2018 and September 30, 2019. The office acknowledges that there are two exceptions identified, and addresses those findings here.

1. Physical inventory inspections of assets were not performed as required by state and federal regulations. Also, the Office's listing of capital assets did not include 2 items purchased with election security funds and the listing included 26 items which were purchased with election security funds but were not identified as being federally funded on the listing.

Response: The Office agrees that this exception exists. The list that is maintained in Excel has been revised to include all tabulators purchased and identified as being federally funded. The Office has also purchased asset tags that are a different color than the standard asset tags to indicate equipment that has been purchased with federal funds. While it was the expectation that in fiscal year 2020 the Contracts and Assets Manager and an IT Security Undergraduate Intern would have the opportunity to physically inspect and record the assets in each county, it was not an option to travel throughout the state during the COVID-19 pandemic. It is planned to conduct a physical inventory to verify the location, condition, and ensure that machines are properly recorded and tagged with asset tags during fiscal year 2021. These efforts will be done under the direction of the Chief Financial Officer.

2. The Federal Financial Reports for the years ended September 30, 2019 and 2018 did not report all interest income that had been allocated to the election fund.

Response: The Office agrees that this exception exists. As corrective action, the underreported interest income will be included in the fiscal year 2020 report. Further corrective action includes the creation of a job aid for running the financial system query to ensure it includes complete information and relevant budget periods. These corrections will be done under the direction of the Chief Financial Officer.

Thank you for the opportunity to provide a response to these exceptions. Please contact me if there are questions or additional information is needed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Veronica Albin". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Veronica Albin
Chief Financial Officer

Cc: McBride, Lock & Associates

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: December 17, 2020

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

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

We appreciate the auditor's findings and recommendations and are reviewing the New Mexico Secretary of State's planned actions. The Secretary of State's office expects to conduct a physical inventory of election equipment in 2021 and is making adjustments to its financial system queries to ensure data is accounted for in the correct budget period. 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	Yes	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 state’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 federal financial 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 state’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 state's proper accounting and control over equipment purchased with HAVA funds.

The Information and Communication principle of Communicate Externally was deemed to be significant to our determination of the awardee's compliance with the objective because the state communicated with and relied on information from the equipment vendor and the counties where the equipment is located as part of the control system for accounting and controlling 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 state'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 11, 2018 TO SEPTEMBER 30, 2019**

Budget Categories	Program Categories						Total
	Voting Equipment	Election Auditing	Voter Registration Systems	Cyber Security	Communications	Other - Minority Language Outreach	
Personnel (Including Fringe)	\$ -	\$ -	\$ -	\$ 151,601	\$ -	\$ 69,014	\$ 220,615
Equipment	753,021	-	-	6,545	-	-	759,566
Subgrants	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-
All Other Costs	-	-	-	87,047	-	40,519	127,566
Total Direct Costs	\$ 753,021	\$ -	\$ -	\$ 245,193	\$ -	\$ 109,533	\$ 1,107,747
Indirect Costs (if applied)	-	-	-	-	-	-	-
Total Federal Expenditures	\$ 753,021	\$ -	\$ -	\$ 245,193	\$ -	\$ 109,533	\$ 1,107,747
Non-Federal Match	-	-	-	-	-	-	-
Total Program Expenditures	\$ 753,021	\$ -	\$ -	\$ 245,193	\$ -	\$ 109,533	\$ 1,107,747

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](#)