



**U.S. ELECTION ASSISTANCE
COMMISSION
OFFICE OF INSPECTOR GENERAL**

FINAL REPORT:

**MANAGEMENT LETTER REPORT
FROM THE AUDIT OF THE U.S.
ELECTION ASSISTANCE
COMMISSION'S FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED
SEPTEMBER 30, 2017

**EAC IG Report No.
I-PA-EAC-01-17B
February 2018**



U.S. ELECTION ASSISTANCE COMMISSION
1335 EAST-WEST HIGHWAY, SUITE 4300
SILVER SPRING, MD 20910
OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: Brian Newby, Executive Director

A handwritten signature in blue ink that reads "Patricia L. Layfield".

From: Patricia L. Layfield, Inspector General

Date: February 21, 2018

Subject: Management Letter from the Audit of the U.S. Election Assistance Commission's Financial Statements for Fiscal Year 2017 (Report No. I-PA-EAC-01-17B)

The purpose of a management letter report is to convey to you information concerning control weaknesses that do not rise to the level of a significant deficiency or material weakness. As you may recall, a material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies that is less severe than a material weakness yet important enough to merit attention of those charged with governance of the entity.

During the most recent financial statement audit, Brown & Company noted that improper coding in the payroll system caused insufficient withholding for one employee's life insurance benefits. The attached management letter report provides the details of the finding and recommendation, together with EAC's response, which indicates EAC completed corrective action on the recommendation.

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-related report in our next semiannual report to Congress. The

distribution of this report is not restricted and copies are available for public inspection. Although the reported finding requires no actions by the Commissioners, I am providing a courtesy copy of this report to them prior to making it public.

If you have any questions regarding this report, please call me at (301) 734-3104.

Attachment

U.S. ELECTION ASSISTANCE COMMISSION

MANAGEMENT LETTER

For the Year Ended
September 30, 2017



**U.S. ELECTION ASSISTANCE COMMISSION
September 30, 2017**

FY 2017 MANAGEMENT LETTER COMMENTS

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November 14, 2017

U.S. Election Assistance Commission (EAC)
Washington, D.C.

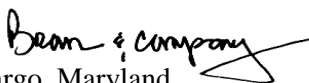
To: Management and the Commissioners of the U.S. Election Assistance Commission

In planning and performing our audit of the financial statements of the U.S. Election Assistance Commission (EAC) as of and for the year ended September 30, 2017, on which we have issued our report dated November 14, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered EAC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of EAC's internal control. Accordingly, we do not express an opinion on the effectiveness of EAC's internal control. This report is based on our knowledge as of the date of our report on the financial statements, obtained in performing our audit thereof, and should be read with that understanding.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control. However, during the audit, we noted certain matters involving the internal control and other operating matters that are presented for your consideration. This letter does not affect our report dated November 14, 2017 on the financial statements. The management letter comments are summarized in Appendix A. Although we have included management's written response to our comments in Appendix B, such responses have not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the response or the effectiveness of any corrective actions described therein.

This communication is intended solely for the information and use of the management of EAC, OMB, OIG and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Largo, Maryland

**U.S. ELECTION ASSISTANCE COMMISSION
SEPTEMBER 30, 2017
FY 2017 MANAGEMENT LETTER COMMENT**

**Finding 2017-01: Controls and Compliance Over Payroll for Federal Employees’
Group Life Insurance Act of 1980**

Condition:

During the payroll expense testing, it was discovered that the payroll deduction for one employee did not correspond to the election on the FEGLI enrollment form. The enrollment form indicated coverage for Basic, Option B x1, and Option C x5. The payroll deduction was for Basic only.

Criteria:

OMB A-123, *Management’s Responsibility for Internal Controls*, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting. Reliability of financial reporting means that management can reasonably make the following assertions: 1) All assets and liabilities have been properly valued, and where applicable, all costs have been properly allocated; and 2) The transactions are in compliance with applicable laws and regulations.

Cause:

The GSA CABS HR incorrectly coded the employee’s FEGLI elections recorded on the enrollment form.

Effect:

The payroll liability is understated by \$100.92 as of June 30, 2017. As a result of these exceptions, the employees’ withholdings, federal government contributions to the program, and payment benefits could be incorrect.

Recommendations:

We recommend that the EAC HR Director have read only access to all employees’ payroll information so that there can be another level of verification of the information that is input into the payroll system.

U.S. ELECTION ASSISTANCE COMMISSION
SEPTEMBER 30, 2017
MANAGEMENT'S RESPONSE



U.S. Election Assistance Commission
1335 East-West Highway, Suite 4300
Silver Spring, MD 20910

To: Sherrie G. Toliver
Brown & Company CPAs
& Management Consultants PLLC

Date: September 6, 2017

From: Annette Lafferty, Chief Financial Officer *Annette Lafferty*

Subject: Response to NFR Controls and Compliance Over Payroll for Federal Employees' Group Life Insurance Act of 1980

Notification of Findings and Recommendation

Recommendation 1: We recommend that the EAC HR Director have read only access to all employees' payroll information so that there can be another level of verification of the information that is input into the payroll system

Management Response: Management generally agrees with the recommendation. The HR Director has obtained SuperUser Access from GSA to the electronic Official Personnel Folder (eOPF) for EAC employees. The Director will check that benefits documents are entered correctly by GSA staff on behalf of EAC. For example, she will compare a FEGLI application of a new employee to the coding in the SF-50 Box 27.

I am attaching emails showing that the access was requested and received.

Attachment

What is the OIG mission?

The OIG audit mission is to provide timely, high-quality professional products and services that are useful to OIG's clients. OIG seeks to provide value through its work, which is designed to enhance the economy, efficiency, and effectiveness in EAC operations so they work better and cost less in the context of today's declining resources. OIG also seeks to detect and prevent fraud, waste, abuse, and mismanagement in these programs and operations. Products and services include traditional financial and performance audits, contract and grant audits, information systems audits, and evaluations.

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Mail orders should be sent to:

U.S. Election Assistance Commission
Office of Inspector General
1335 East-West Highway, Suite 4300
Silver Spring, MD 20910

Phone: 301-734-3105

Fax: 301-734-3115

How can I report fraud, waste or abuse involving the U.S. Election Assistance Commission or Help America Vote Act Funds?

By Mail: U.S. Election Assistance Commission
Office of Inspector General
1335 East-West Highway, Suite 4300
Silver Spring, MD 20910

E-mail: eacoig@eac.gov

OIG Hotline: 866-552-0004 (toll free)

FAX: 301-734-3115

