



TESTIMONY OF

**MIA FORGY
DEPUTY INSPECTOR GENERAL
U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL**

BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT OPERATIONS**

APRIL 20, 2021



Chairman Connolly, Ranking Member Hice, and distinguished Members of the Subcommittee; thank you for the invitation to discuss with you the operations and activities of the U.S. Election Assistance Commission (EAC) Office of Inspector General (OIG).

INTRODUCTION

The EAC is a bipartisan Commission created and authorized by the Help America Vote Act of 2002 (HAVA). The EAC is charged with developing guidance to meet HAVA requirements, adopting voluntary voting system guidelines, and serving as a national clearinghouse of information on election administration. The EAC also accredits testing laboratories, certifies voting systems, and monitors the use of HAVA grant funds.

The OIG is an independent division of EAC required by HAVA and the Inspector General Act of 1978 (IG Act), as amended, to promote economy, efficiency, and effectiveness in EAC programs and operations. The OIG accomplishes this mission by performing periodic assessments and audits of EAC's internal operations, audits of recipients of grant funds distributed by the EAC, and annual audits of the EAC's financial statements and information security management. The OIG conducts its activities in compliance with requirements set forth by the IG Act, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and other federal government-wide mandates.

The OIG is comprised of an Inspector General and a Deputy Inspector General. Due to the planned retirement of the former Inspector General on March 31, 2021, the OIG is currently comprised of one full-time employee. The OIG procures audit support services from independent public accounting firms and legal and investigative services from other federal agencies.

OIG GRANT AUDIT ACTIVITY

HAVA section 902 gives the EAC the authority to conduct regular audits of grants and payments distributed by the EAC pursuant to HAVA, and the OIG conducts those audits on behalf of the EAC. To fulfill that mission, the OIG has established a risk assessment process for selecting and auditing the administration of the \$1.2 billion in payments distributed by EAC to its grant recipients collectively in 2018 and 2020, and the unexpended payments distributed prior to 2011 that the EAC has reissued as new grant awards in fiscal year (FY) 2020.

The Consolidated Appropriations Act of 2018 included an appropriation of \$380 million in HAVA Election Security grants to be distributed by the EAC to the 50 United States, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and American Samoa



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(hereafter, the states). In September 2019, the OIG procured auditing services from an independent public accounting firm to conduct audits of the 2018 Election Security grants received and expended for six states: New Mexico, Arkansas, West Virginia, Kentucky, Massachusetts, and Florida.

Due to the impacts of COVID-19 and the states' limited availability during the 2020 primary and presidential elections, the six audits were performed between December 2020 and March 2021. The six audits reviewed a total of \$32.4 million in expended federal funds and identified \$4.4 million of questioned costs by the audited states and \$82,466 in funds that could be put to better use.

In general, the six audits of the 2018 Election Security grants found that the states are spending HAVA funds on activities, infrastructure, and programs that are allowed by the program. The most common audit findings were:

- Incomplete Inventory Records;
- Inadequate Accounting; and
- Unsupported Costs.

The OIG plans to coordinate with the EAC's Grants Management Office to ensure that audit findings are adequately resolved.

The Consolidated Appropriations Act of 2020 appropriated an additional \$425 million in HAVA Election Security grants, adding the Commonwealth of the Northern Mariana Islands to the EAC's list of grant recipients. Additionally, in March 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided supplemental appropriations of \$4 million to prevent, prepare for, and respond to the coronavirus, domestically or internationally, for the 2020 federal election cycle. The OIG is currently in the procurement process to obtain audit services for FY 2021 to continue auditing states' expenditures of the 2018 Election Security grants and include audits of the 2020 Election Security grants, 2020 CARES Act payments, and any states' remaining grant funds issued prior to 2011 that have been reissued as new grants.¹

In FY 2020, the EAC restructured its Grants Management operations from closing HAVA grant awards when the total funding had been expended by the states, to reissuing new grant awards every five years for unexpended federal funding. With this change in EAC policy, the OIG must now conduct audits of HAVA grants more frequently to ensure audits are performed on the states before their 3-year federal records retention requirement has expired for each grant award.

¹ At the beginning of FY 2020, 39 states had funds remaining from grants that were awarded prior to 2011.



OIG INTERNAL AUDIT ACTIVITY

In addition to grant audits, the OIG is responsible for conducting internal audits, inspections and evaluations, and other reviews of the EAC's programs, policies, and procedures and reporting on the results. These reports assess the efficiency of the EAC's operations, and its compliance with governing statutes and regulations. From FY 2020 to present, the OIG has issued one OIG Management Advisory report and seven contracted audit reports regarding the EAC's operations. These eight reports provided a total of 14 recommendations for the EAC to improve its processes.

In accordance with Office of Management and Budget (OMB) Circular No. A-50, *Audit Followup*, it is the agency's responsibility to resolve these OIG findings by implementing corrective actions in a timely manner to bring their operations into compliance with federal laws and regulations. Currently, four of the 14 recommendations have been outstanding for more than six months.

The following reports have been issued since the start of FY 2020:

- *Audit of the U.S. Election Assistance Commission's Purchase Card Program*
- *U.S. Election Assistance Commission's FY 2020 Compliance with the Federal Information Security Modernization Act*
- *U.S. Election Assistance Commission's Financial Statements for Fiscal Years 2020 and 2019*
- *Management Advisory Concerning EAC's Compliance with the DATA Act*
- *U.S. Election Assistance Commission's Compliance with the Improper Payments Act of 2002*
- *U.S. Election Assistance Commission's FY 2019 Compliance with the Federal Information Security Modernization Act*
- *U.S. Election Assistance Commission's Financial Statements for Fiscal Years 2019 and 2018*
- *2019 EAC DATA Act Report*

OIG RESOURCES

There have been considerable changes recently in the OIG's audit environment, including a substantial increase in the EAC's grant funding, as well as operational changes in EAC Grants Management. The OIG, however, is working to ensure effective oversight of the \$1.2 billion of grants issued to the states, while continuing to conduct OIG statutory audits, audits and assessments of the EAC's internal business processes, and to comply



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with all OIG mandates issued by government-wide policy and the Government Auditing Standards.

Due to the retirement of the former Inspector General in March 2021, the OIG is currently operating with one full-time employee (FTE) and a FY 2021 budget of \$1 million for contracted audits and legal and investigative services. As a result of the EAC's recent budget increase, the OIG will have the ability to hire one additional FTE, anticipated for FY 2021. Additionally, the EAC is actively recruiting to fill the vacant Inspector General position.

CONCLUSION

Election systems have been designated by the Department of Homeland Security as part of the nation's critical infrastructure, and the EAC plays a critical role in funding and assisting states to improve election processes. It is the OIG's role to offer guidance and information through its audits and other audit related work that will help EAC build and run programs that promote public confidence by preventing waste, fraud, and abuse. To adequately perform this role, the OIG is required to regularly conduct grant audits as described within HAVA, perform all OIG statutory requirements, ensure that assessments, reviews, and audits of EAC's high risk areas are performed, and readily respond to Congressional requests. The OIG will continue to work with the EAC and Congress to help promote efficient and effective government.

I appreciate the opportunity to provide this testimony regarding the activities of the OIG. If you have any questions, I will be happy to address them.