



## OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

**DATE:** June 17, 2022

**TO:** U.S. Election Assistance Commission, Chairman, Thomas Hicks  
U.S. Election Assistance Commission, Interim Executive Director, Mark Robbins  
State of Georgia, Secretary of State, Brad Raffensperger

**FROM:** U.S. Election Assistance Commission, Inspector General, Brianna Schletz

**SUBJECT:** Cancellation: Audit of the Administration of Help America Vote Act (HAVA)  
Funds by the State of Georgia

The Office of Inspector General (OIG) is an independent division of the U.S. Election Assistance Commission (EAC) and operates under the authorities vested in it by the Help America Vote Act (HAVA) and the Inspector General Act of 1978, as amended. Part of OIG's statutory mandate is to conduct audits of EAC and its programs, including audits of states receiving EAC funds. On July 14, 2021, the EAC OIG announced an audit of the administration of HAVA funds by the State of Georgia. An entrance conference was held with officials from the Georgia Secretary of State, and fieldwork commenced. Meanwhile, in March 2022, the Georgia Department of Audits and Accounts issued a [report](#), which also covered the office's administration of HAVA funds.<sup>1</sup> The auditors found the Secretary of State (SOS) office needs to improve compliance with federal grant requirements and implement an adequate system of internal controls related to its contracting and procurement activities.<sup>2</sup>

We are informing you of the decision to cancel the EAC OIG audit. Rather than duplicate the work of the State auditors, we reduced the cost of the audit contract, which resulted in cost savings for the government. EAC OIG will perform an audit next year to ensure the Georgia SOS implemented corrective actions that address the deficiencies noted in the March 2022 Georgia Department of Audits and Accounts report. We urge EAC to review the report recommendations and follow up with SOS as it implements corrective actions. We also commend EAC for holding Georgia's \$1.8 million allotment of 2022 Election Security grant funds until it is compliant with reporting requirements.

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<sup>1</sup> SECRETARY OF STATE GRANT ADMINISTRATION: REQUESTED INFORMATION ON HELP AMERICA VOTE ACT FUNDS AND COMPLIANCE, SPECIAL EXAMINATION, REPORT NUMBER 21-11, GA. DEP'T OF AUDITS & ACCTS., (Mar. 2022), <https://www.audits.ga.gov/ReportSearch/download/27901>.

<sup>2</sup> The examination scope included approximately \$11 million in 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds.

## **Background and Considerations for Cancellation**

The independent public accounting (IPA) firm that EAC OIG contracted to conduct the audit encountered delays and a general lack of responsiveness to requests for information from the SOS. After the EAC OIG audit was announced, an entrance conference was held on July 21, 2021, and the IPA firm's audit team arrived for fieldwork during the week of October 4, 2021. Although there was advance notice of the visit, audit progress was hindered when the IPA team learned after arriving that the main point of contact would not be available until the end of the week. Georgia officials provided a portion of the requested audit documentation during the onsite fieldwork, but several documents and explanations for financial variances were not received, even after follow-up requests were made on December 8, 2021, and January 10, 2022. At the end of January, Georgia officials responded that the requests were being worked on. After not receiving the requested documents, the audit team followed up with the SOS office again on February 15, 2022, but did not receive a full response.

In March, the EAC OIG learned of the Georgia Department of Audits and Accounts special report. After meeting with the State auditors to get an understanding of the scope of their work and determining there was a significant overlap in effort, we decided to avoid duplication and refocus our time and resources. We promptly issued a stop work order resulting in approximately \$30,000 in cost savings for the government that will provide the opportunity for the Georgia SOS to correct the significant gaps identified in the State auditor's report. We intend to perform an audit next year to ensure the Georgia SOS implemented corrective actions for the high-risk areas identified below.

## **Findings Related to Internal Controls and Procurement**

When spending HAVA funds on goods and services, the SOS must comply with both federal grant requirements and state procurement guidance and laws. However, the State auditors identified that (1) the SOS was not participating in Georgia's required purchase card program, (2) SOS employees were paying business expenses with personal credit cards, (3) the SOS did not use mandatory statewide contracts for public relations and cybersecurity services, (4) SOS officials did not comply with the SOS purchase order policy, and (5) emergency procurement procedures were not properly followed. The auditors found that "almost half of the grant transactions examined had at least one noncompliance issue related to state purchasing requirements."<sup>3</sup> In addition to the matters investigated by the Georgia Office of the State Inspector General, the State auditors identified issues involving business transactions that the SOS had with an employee.

The State auditors made four recommendations to address the gaps in internal controls identified. The recommendations are for SOS to (1) discontinue the use of credit cards outside of the state program, (2) participate in and comply with the statewide purchase card program, (2) immediately comply with state purchasing requirements, and (4) not transact business with its employees.<sup>4</sup>

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<sup>3</sup> SECRETARY OF STATE GRANT ADMINISTRATION: REQUESTED INFORMATION ON HELP AMERICA VOTE ACT FUNDS AND COMPLIANCE, SPECIAL EXAMINATION, REPORT NUMBER 21-11, GA. DEP'T OF AUDITS & ACCTS., (Mar. 2022), <https://www.audits.ga.gov/ReportSearch/download/27901>.

<sup>4</sup> See *Id.* at 23.

## **Findings Related to Federal Grant Requirements**

Federal grant recipients must comply with certain requirements. However, the State auditors found that the SOS was unable to provide adequate documentation to support \$576,000 of sampled expenditures. Moreover, the auditors found that the SOS spent \$1,600 on goods and services that were ineligible under the grants, the SOS failed to submit the required progress and financial reports to the EAC, and that the property purchased by the SOS with grant funds was not properly inventoried.

In response to these deficiencies, the State auditors made four recommendations for addressing the SOS's noncompliance with the federal grant requirements. The recommendations are for SOS to (1) maintain documentation for goods and services purchased with grant funds, (2) limit the use of HAVA funds to those allowable, (3) submit required progress and financial reports for active grants by the required due date, and (4) record equipment associated with the statewide voting system in the inventory system and conduct an inventory every two years.<sup>5</sup>

We understand that a new Chief Financial Officer with financial experience has been hired at the SOS. As SOS works to correct the noted deficiencies, we encourage the office to maintain qualified candidates in key financial positions to reduce the risk of further internal control deficiencies and noncompliance with federal grant requirements.

## **Conclusion**

We remain committed to ensuring that EAC funds are used properly. While the deficiencies identified by the State auditors raise serious concerns about the Georgia SOS's ability to responsibly administer EAC funds, we are confident that the noted issues can be corrected with proper attention, and we look forward to working with the Georgia SOS in the future. EAC OIG will continue to conduct oversight of any improper use of EAC funds that is brought to our attention.

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<sup>5</sup> See *Id.* at 28.