

OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

AUDIT OF THE ADMINISTRATION OF HELP AMERICA VOTE ACT GRANTS AWARDED TO THE STATE OF GEORGIA

Report No. G23GA0047-24-14
August 16, 2024



HIGHLIGHTS

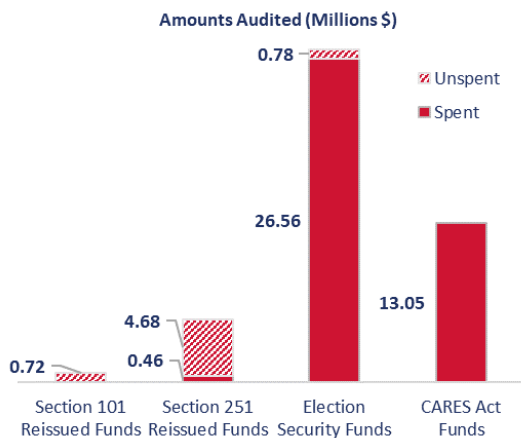
AUDIT OF THE HELP AMERICA VOTE ACT GRANTS AWARDED TO THE STATE OF GEORGIA

Report No. G23GA0047-24-14

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What OIG Audited

The Office of the Inspector General (OIG) audited Help America Vote Act (HAVA) grants administered by the Georgia Secretary of State's Office (GSoS), totaling \$46.3 million. This included federal funds, state matching funds, and interest earned on the reissued Section 101, reissued Section 251, Election Security, and Coronavirus Aid, Relief, and Economic Security (CARES) Act grants.



The **objectives** of the audit were to determine whether the State of Georgia:

- (1) used funds for authorized purposes in accordance with applicable requirements;
- (2) complied with the requirements for state matching;
- (3) properly accounted for and controlled property purchased with EAC funds;
- (4) used funds for intended purposes; and
- (5) implemented corrective actions to address the deficiencies noted in the March 2022 Georgia Department of Audits and Accounts (DOAA) report.

What OIG Found

OIG found that GSoS generally accounted for and expended grant funds in accordance with applicable requirements, complied with the requirements for state matching, properly accounted for and controlled property purchased with EAC funds, used funds for intended purposes, and implemented corrective actions to address deficiencies.

However, there were two exceptions: 1) GSoS did not consistently and accurately earn, record, and report interest, and (2) one \$10,000 Election Security expenditure was unsupported.

What OIG Recommended

OIG made five recommendations to improve grant administration:

- 1 Confirm that GSoS implements corrective action to address recommendation 8 in DOAA Report 21-11.
- 2 Calculate lost interest on the Election Security grant and ensure any amounts due are deposited into the election fund.
- 3 Require GSoS to reconcile interest earned and correct any impacted financial reports.
- 4 Require GSoS to assess and update policies and procedures to ensure interest is earned on grant funds and accurately reported on financial reports.
- 5 Determine the allowability of \$10,000 in unsupported questioned costs under the Election Security award and recover any amount that is unallowable.

Based on actions already taken by EAC, recommendations 4 and 5 are closed upon report issuance.



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

DATE: August 16, 2024

TO: U.S. Election Assistance Commission, Executive Director, Brianna Schletz

FROM: U.S. Election Assistance Commission, Acting Inspector General, Sarah Dreyer

SUBJECT: Audit of the Administration of Help America Vote Act Grants Awarded to the State of Georgia (Report No. G23GA0047-24-14)

This memorandum transmits the final report on the Audit of the Administration of Help America Vote Act Grants Awarded to the State of Georgia. Our audit objectives were to determine whether the Georgia Secretary of State (1) used funds for authorized purposes in accordance with applicable requirements; (2) complied with the requirements for state matching; (3) properly accounted for and controlled property purchased with EAC funds; (4) used funds for intended purposes; and (5) implemented corrective actions to address the deficiencies noted in the March 2022 Georgia Department of Audits and Accounts report. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix C.

The report contains five recommendations. After reviewing information that you provided in response to the draft report, we acknowledge management's decisions on all five recommendations and consider two of the recommendations closed upon report issuance. Please keep us informed on progress to address recommendations 1, 2, and 3, as we will track the status of their implementation.

We appreciate the courtesies and assistance provided by your staff during the audit.

cc: Commissioner Benjamin W. Hovland, Chair
Commissioner Donald L. Palmer, Vice Chair
Commissioner Thomas Hicks
Commissioner Christy McCormick

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Background

The Help America Vote Act of 2002 (HAVA)¹ was passed to modernize state voting systems and authorizes federal funding for states to improve the administration of federal elections. The U.S. Election Assistance Commission (EAC) distributes and oversees funding appropriated under HAVA.

Georgia has received multiple HAVA grants from EAC, which are administered by the Georgia Secretary of State’s Office (GSoS). GSoS administers the elections process in the state. The Office of Inspector General (OIG) audited \$46.3 million of those grant funds, including interest earned and state matching funds, as described in Figure 1 below.

Figure 1. Summary of Audited Grants

Reissued Section 101 Grant as of March 31, 2023	
Award	EAC-ELIMP22GA
Amount	\$723,809
Project Period	10/1/2018 – Until funds are expended
Summary	<p>The purpose of the Title I, Section 101 Election Improvement (Section 101) grant is to improve the administration of elections for federal office. It originally had a period of performance beginning in June 2003.</p> <p>EAC reissued the grant in December 2019, for the period beginning October 1, 2018, following an administrative closeout. While federal funds had been fully spent before this closeout, there was interest earned remaining and available for expenditure. However, no reissued Section 101 funds were spent from October 1, 2018, through March 31, 2023. The funds continued to earn interest.</p>

Reissued Section 251 Grant as of March 31, 2023	
Award	EAC-REQPY22GA
Amount	\$5,146,004
Project Period	10/1/2018 – Until funds are expended
Summary	<p>The purpose of the Title II, Section 251 Requirements Payments (Section 251) grant is to meet the requirements of HAVA Title III and to carry out other activities to improve the administration of elections for federal office. It originally had a period of performance beginning in June 2003.</p> <p>EAC reissued the grant in December 2019, for the period beginning on October 1, 2018, following an administrative closeout. At reissuance there was \$5.01 million in unexpended federal funds and interest earned. An additional \$0.14 million of interest has been earned since reissuance. GSoS reported using \$0.46 million of these funds between October 1, 2018, and March 31, 2023, on the replacement of the state’s voter registration system, improving the election system, and educating voters.</p>

¹ Pub. L. No.107-252 (October 29, 2002).

Election Security Grant as of March 31, 2023	
Award	EAC-ELSEC22GA-01-05 ^a
Amount	\$27,345,279
Project Period	03/28/2018 – Until funds are expended
Summary	The purpose of this grant is to improve the administration of elections for federal office, including to enhance election technology and make election security improvements. Amongst other activities, GSoS reported using \$26.56 of its Election Security funds to implement a new voter registration system, educate voters, deploy new voting equipment, enhance cybersecurity, and reimburse counties for security, accessibility, and general expenses. As required, the state matches the federal funds at a set percentage and earns interest on unexpended funds. At March 31, 2023, \$0.78 million of funding remained.

^a This amendment combined the fiscal year (FY) 2018, FY 2020, and FY 2022 awards into a single Election Security grant.

CARES Act Grant as of March 27, 2022	
Award	EAC-CARES22GA-01
Amount	\$13,053,851 ^a
Project Period	3/28/2020 – 3/27/2022
Summary	<p>The purpose of the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant was to prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 federal election cycle.</p> <p>GSoS matched federal funds with state matching funds and earned interest on deposited funds before they were spent. They used the funds to address pandemic-related issues, including the increased volume of absentee ballots. GSoS purchased high-speed scanners and tabulators, personal protective equipment, and sanitation supplies for voters and poll workers and offered two grant reimbursement programs to counties to mitigate the impact of the pandemic and purchase monitored drop boxes for absentee ballots.</p>

^a This amount includes \$49,448 that EAC redistributed to Georgia after other states returned CARES Act funds that they were unable to utilize.

Prior Oversight

On July 14, 2021, OIG announced an audit of the administration of HAVA funds by the state of Georgia. An entrance conference was held with officials from GSoS, and fieldwork commenced. Meanwhile, in March 2022, the Georgia Department of Audits and Accounts (DOAA) issued a report, which also covered the office’s administration of HAVA funds.² The auditors found that GSoS needed to improve compliance with federal grant requirements and implement an adequate system of internal controls related to its contracting and procurement activities.

² Special Examination, Report Number 21-11, “[Secretary of State Grant Administration: Requested information on Help America Vote Act Funds and Compliance](#),” Georgia Department of Audit and Accounts. (March 2022).

Rather than duplicate DOAA’s work, OIG cancelled its audit and committed to conducting future work to ensure that corrective actions had been taken. This audit fulfills that commitment.

Audit Objectives

The objectives of the audit were to determine whether GSoS:

1. Used funds for authorized purposes in accordance with applicable requirements.
2. Complied with the requirements for state matching funds.
3. Properly accounted for and controlled property purchased with EAC funds.
4. Used funds for intended purposes.
5. Implemented corrective actions to address the deficiencies noted in the March 2022 Georgia DOAA report.

Based on the audit procedures performed, except for the matters discussed below, we concluded that GSoS generally accounted for and expended the grant funds in accordance with applicable requirements, complied with the requirements for state matching, properly accounted for and controlled property purchased with EAC funds, used funds for intended purposes, and implemented corrective actions to address deficiencies.

GSoS Implemented Changes in Response to March 2022 Audit

The March 2022 DOAA report contained eight recommendations to improve GSoS’ compliance with federal grant requirements and improve its system of internal controls related to its contracting and procurement activities. These recommendations are shown in Figure 2 below.

Figure 2. Recommendations from March 2022 DOAA Report

1	SOS should discontinue the use of credit cards outside of the state [purchase card] program, including the use of: <ol style="list-style-type: none"> a. Personal credit cards for non-travel regular operating expenses for SOS, and b. Agency credit cards from a non-approved financial institution.
2	SOS should participate in and comply with the statewide [purchase card] program as required.
3	SOS should immediately comply with state purchasing requirements, which include but are not limited to: <ol style="list-style-type: none"> a. SOS should request waivers from mandatory statewide contracts as required. b. SOS should use a purchase order for all nonexempt purchases greater than \$2,500. c. SOS should properly identify emergency purchases on the purchase order and complete the emergency justification form to provide the [State Purchasing Division] written notice and justification as required.
4	To avoid conflict of interest, SOS should not transact business with its employees.
5	SOS should maintain documentation that describes the goods or services purchased and the reason for the expense.

6	SOS should limit the use of HAVA funds to expenditures that are necessary for the administration of activities funded under the applicable grant.
7	SOS should submit required progress and financial reports for each active grant by the required due date.
8	SOS should record equipment associated with the statewide voting system in the inventory system and conduct an inventory every two years.

OIG saw evidence that GSoS had implemented some corrective actions to address the first seven recommendations. For example, the office:

- Began participating in the statewide purchase card program in August 2022.
- Hired additional staff, such as a deputy chief operating officer and a grants accountant, and updated the office workflow to strengthen internal controls—including those in the purchasing process.
- Submitted progress and financial reports for the period ended March 31, 2023, on time.

In a June 2024 follow-up report, DOAA confirmed these results, finding recommendations 1 through 6 fully implemented, and recommendation 7 partially implemented.³

Meanwhile, GSoS has not yet implemented corrective action to address recommendation 8, which called for the office to record equipment purchased with grant funds in a tracking system and conduct periodic inventories. GSoS planned to use bond funds from the 2024 budget to conduct a statewide hand count of equipment; however, it was determined that bond funds could not be used for this purpose. Since 2 CFR § 200.313(b) requires states to use, manage, and dispose of equipment acquired under a federal award in accordance with state laws and procedures, GSoS should implement corrective action to address this recommendation.

GSoS Did Not Consistently and Accurately Earn, Record, and Report Interest

The reissued Section 101, reissued Section 251, Election Security, and CARES Act grants require that federal funds and any state matching funds be deposited into the state election fund, as described in Section 104(d) of HAVA. The interest earned must be retained in the election fund and used for allowable activities described in Section 101 of HAVA. The state’s periodic financial reports should include accurate accounting of the interest earned.

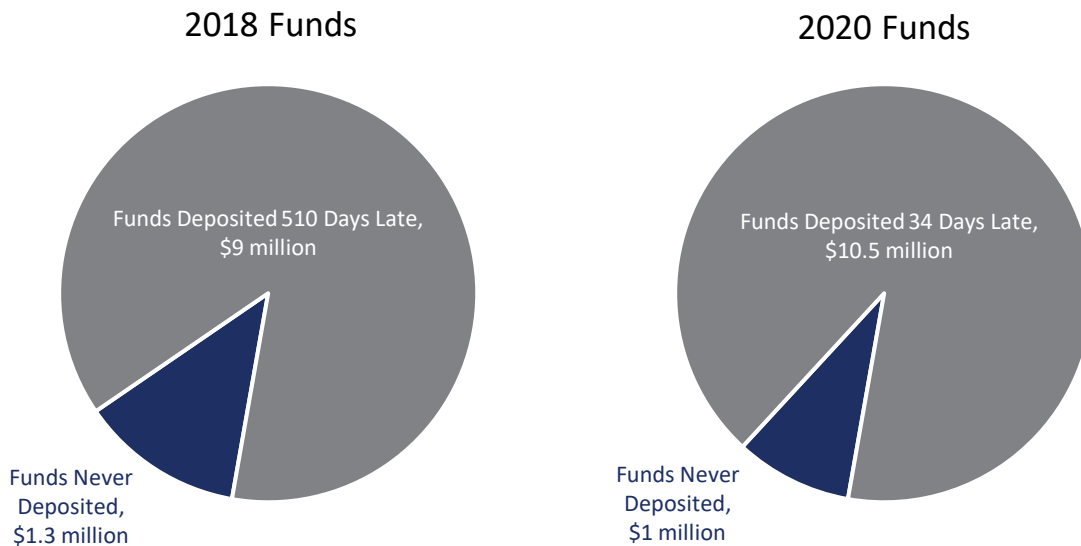
GSoS established a state election fund with the Office of the State Treasurer of Georgia (OST) for this purpose. However, grant funds were not deposited timely, nor was interest earned recorded and reported accurately.

³ Follow-up Review, Report Number 21-11, “[Secretary of State Grant Administration: Action taken to address most audit findings](#),” Georgia Department of Audit and Accounts. (June 2024).

Untimely Deposit

GSoS received \$10.3 million in Election Security funds on August 31, 2018. However, only \$9 million was deposited into the election fund, and not until 510 days later, on January 23, 2020. Another \$11.5 million in Election Security funds was received on April 15, 2020. However, only \$10.5 million was deposited into the election fund, and not until 34 days later on May 19, 2020. These deposits are summarized in Figure 3 below.

Figure 3. Deposit of Election Security Funds



The failure to make timely deposits into the state election fund appears to have been an oversight. However, it resulted in a reduced amount of interest earned on grant funds.

Inaccurate Recording and Reporting

As shown in Figure 4 below, the interest reported by OST to GSoS did not always correspond with the interest reported to EAC in the financial reports.

Figure 4. Variance in Interest Earned and Reported (October 1, 2018 – March 31, 2023)

	Reissued Section 101 (\$)	Reissued Section 251 (\$)	Election Security (\$)	Total (\$)
Interest Earned per OST	58,747	138,367	71,118	268,232
Interest Reported to EAC	37,463	185,958	46,515	269,936
Difference	21,284	(47,591)	24,603	(1,704)
Other Adjustments	-	1,843 ^a	313 ^b	2,156
Total Variance	21,284	(45,748)	24,916	452

^a \$1,843 was earned on Election Security funds and reported to EAC twice—once as interest earned on Election Security funds and once as interest earned on reissued Section 251 funds.

^b \$313 was earned on CARES Act funds but reported to EAC as interest earned on Election Security funds.

The total variance between interest earned and interest reported to EAC was \$452, with more interest reported than earned.

These differences occurred for two reasons:

- (1) Interest earned was not always recorded on the financial reports for the correct grant. This was easy to do because, while the interest statements produced by OST have account numbers, they do not explicitly reference the associated grant.
- (2) Both federal and state interest was reported for the reissued Section 101 and Election Security awards, while only federal interest should have been reported.

OIG also noted that \$3,855 of interest earned for June 2022 was reported on the financial reports submitted to EAC, but not recorded on the general ledger. This included \$869 of interest on reissued Section 101 funds, \$1,760 of interest on reissued Section 251 funds, and \$1,226 of interest on Election Security funds.

This occurred because the state uses the interest statements produced by OST to fill out the financial reports provided to EAC. This is done before interest earned is recorded on the general ledger. Some of the general ledger entries were delayed or missed.

Failure to record and report interest earned accurately could result in funds being credited and expended under the wrong grant for unallowable purposes.

One Expenditure Was Unsupported

2 CFR 200.402 requires that direct costs incurred under a federal award are allowable and 2 CFR § 200.403(g) requires that expenditures are adequately documented. OIG sampled grant expenditures from October 31, 2018, to March 31, 2023, to confirm their allowability and proper documentation. In total, OIG looked at documentation for 95 GSoS transactions across the reissued Section 251, Election Security, and CARES Act grants, which totaled \$9.9 million.

As expected, based on the results of the March 2022 DOAA report, internal control issues were identified during the period that our sample covered. This included data entry discrepancies between the invoice and the general ledger, reimbursements for office expenses paid with a personal credit card, invoice approvals occurring before the invoice date, and invoice approvals that were not documented. However, DOAA previously made recommendations to strengthen procurement controls, and as we reported above, GSoS has already hired additional staff and updated the office workflow to strengthen internal controls.

We found that only one \$10,000 Election Security expenditure was missing supporting documentation that made it potentially unallowable. While GSoS was able to provide supporting materials showing the contractor performed a service, GSoS did not retain a copy of the invoice showing the date, vendor, deliverable, and amount charged. The vendor is no longer in existence to provide documentation that would resolve the matter. As a result, we cannot determine that the correct amount was paid.

Recommendations

To address the described issues, OIG recommends that EAC:

1. Confirm that the Georgia Secretary of State's Office implements corrective action to address recommendation 8 in Report Number 21-11 issued by the Georgia Department of Audits and Accounts.
2. Calculate lost interest due to the untimely deposit of 2018 and 2020 Election Security funds and ensure any amounts due are deposited into to the election fund.
3. Require the Georgia Secretary of State's Office to reconcile interest earned reported by the Georgia Office of the State Treasurer and interest earned recorded on the general ledger and correct any impacted financial reports for the reissued Section 101, reissued Section 251, and Election Security awards.
4. Require the Georgia Secretary of State's Office to assess, and update as necessary, the policies and procedures in place to ensure interest is earned on grant funds and accurately reported on financial reports.
5. Determine the allowability of \$10,000 in unsupported questioned costs under the Election Security award and recover any amount that is unallowable.

Evaluation of Management Comments

We provided our draft report to EAC and GSoS officials on June 10, 2024. On July 19, 2024, we received a response from GSoS officials, which is included in Appendix B of this report. On July 22, 2024, we received a response from EAC officials, which is included in Appendix C of this report.

The report included five recommendations. We acknowledge EAC's management decisions on all five recommendations. Recommendations 4 and 5 are closed upon report issuance. Recommendations 1, 2, and 3 are open pending completion of planned activities. Our detailed evaluation of management comments follows.

Recommendation 1. EAC will confirm GSoS' corrective actions to address recommendation 8 in DOAA Report Number 21-11. The target date for completion is June 30, 2025.

Recommendation 2. EAC will work with GSoS to reconcile and calculate lost interest from the 2018 Election Security award. The target date for completion is December 29, 2024. EAC's management decision does not require GSoS to take additional action related to the 2020 award.

Recommendation 3. GSoS will correct the interest amounts on its financial reports for the period ended June 30, 2024. The target date for completion is August 31, 2024.

Recommendation 4. EAC confirmed that GSoS now has appropriate procedures in place to ensure interest is earned on grant funds and accurately reported. OIG also reviewed the documentation provided by GSoS and considers this recommendation closed upon issuance of the report.

Recommendation 5. EAC reviewed documentation supporting the \$10,000 in unsupported questioned costs and determined that the expense was allowable. The questioned cost is not sustained, and OIG considers this recommendation closed upon report issuance.

Appendix A. Scope and Methodology

Scope

This audit was conducted from August 2023 to April 2024. The audit objectives were to determine whether GSoS (1) used funds for authorized purposes in accordance with applicable requirements; (2) complied with the requirements for state matching funds; (3) properly accounted for and controlled property purchased with EAC funds; (4) used funds for intended purposes; and (5) implemented corrective actions to address the deficiencies noted in the March 2022 Georgia Department of Audits and Accounts report. Answering these objectives required an assessment of internal controls and data reliability.

For the reissued Section 101 grant, the audit covered the award EAC-ELIMP22GA from October 1, 2018, through March 31, 2023. For the reissued Section 251 grant, the audit covered award EAC-REQPY22GA from October 1, 2018, through March 31, 2023. For Election Security funds, the audit covered awards GA18101001, GA20101001, and EAC-ELSEC22GA, subsequently combined with award EAC-ELSEC22GA-01-05, from the date of award through March 31, 2023. For CARES Act funds, the audit covered award EAC-CARES22GA-00 and amendment EAC-CARES22GA-01 from the date of award through March 27, 2022. Figure A-1 below details the grant financials reported through these dates.

Figure A-1. Grant Financials, Reported by GSoS

	Reissued Section 101 as of 3/31/23 (\$)	Reissued Section 251 as of 3/31/23 (\$)	Election Security as of 3/31/23 (\$)	CARES Act as of 3/27/22 (\$)
Federal Funds	- ^a	4,562,147	23,735,787	10,875,912
State Matching Funds	-	-	3,574,442	2,175,642
Program Income	-	-	-	-
Interest Income	723,809	583,857	35,050	2,297
Total Funds	723,809	5,146,004	27,345,279	13,053,851
Less Disbursements	-	(464,843)	(26,563,751)	(13,053,851)
Fund Balance	723,809	4,681,161	781,528	-

^a All federal funds were expended prior to reissuance at October 1, 2018.

Methodology

OIG 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 in accordance with our audit objectives. We believe that the evidence obtained provides that reasonable basis.

We initially reviewed applicable laws and regulations to answer the audit objectives. Specifically, we reviewed HAVA and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200). We reviewed the grant awards and applications, available financial reports, and related audit reports including the March 2022 Georgia Department of Audits and Accounts report covering the GSoS' administration of HAVA funds. We also conducted interviews and

corresponded with representatives from GSoS and the EAC grants team. We performed work in Atlanta, GA, in September 2023. Otherwise, work was performed remotely.

The described procedures provided us with an understanding of the grantee's internal controls and helped us to assess risk. Based on this, we selected significant controls for testing. This included controls in the financial management, property management, and procurement processes. We also designed procedures to test compliance with the award requirements. Specifically, we:

- Reconciled the submitted financial reports for the reissued Section 101 grant, reissued Section 251 grant, and Election Security grants to EAC's and GSoS' accounting records as of March 31, 2023.
- Reconciled the submitted financial reports for the CARES Act grant to EAC's and GSoS' accounting records through closeout of the grant on March 1, 2023.
- Verified that GSoS' state match for each grant complied with the award requirements.
- Reviewed support for a sample of subawards and direct costs, including expenditures such as equipment, travel, and supplies, to determine whether the goods or services were allowable.
- Reviewed records and correspondence to determine whether funds had been deposited in an election fund that earns interest and whether the interest was correctly reported.
- Reviewed GSoS' progress toward implementing corrective actions to address the deficiencies noted in the March 2022 Georgia Department of Audits and Accounts report.

Sampling was used to support our conclusions. Since most of our samples were selected judgmentally—based on dates, dollar amounts, and descriptions—we do not extrapolate the results of those samples to the total populations.

Appendix B. GSoS Comments



The Office of Secretary of State

Brad Raffensperger
SECRETARY OF STATE

Gabriel Sterling
CHIEF OPERATING OFFICER

July 19, 2024

Sarah Dryer, Acting Inspector General
Office of the Inspector General
U.S. Election Assistance Commission
633 3rd Street, NW, Suite 200
Washington, DC 20001

Dear Inspector General Dryer,

All of us here at the Georgia Secretary of State's Office are appreciative of the opportunity to work with the auditors from your office over the last many months. We are also pleased for the chance to review and comment on the results of your office's efforts in examining the Help America Vote Act (HAVA) administration and expenditures over the period from 2018 through 2023. This review included HAVA Grants from four specific award types; the Section 101 Election Improvement, the Title II, Section 251 Required Payments, the Election Security, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The audit evaluates the management of over \$46.3 million in grant funds, along with interest earned and the state matching funds. Georgia used these dollars to both address statewide needs and address local issues through subgrants to the majority of Georgia's 159 counties. It is at the county level that elections are directly run.

We appreciate the reaffirmation of steps our office has taken to improve and enhance internal documentation. Steps have been taken to improve reporting and all Progress Reports and Federal Funding Reports (FFRs) have been filed. Further, our office has added staff, including a grants administrator to help with compliance and reporting. The one documentation issue identified was an isolated incident and less than 0.002% of the overall expenditures examined. Due to the untimely passing of the vendor, we could not produce the specific documentation requested.

We are proud that the audit concluded that the Georgia Secretary of State's Office accounted for and expended the grant funds in accordance with the grant requirements and used the funds for allowable and intended purposes of supporting cyber and physical security, making voting safer and easier, maintaining and improving voter lists, enhancing voter accessibility, and supporting the counties in having record turnout s in 2020 and 2022, despite the COVID pandemic.

Attached you will find our specific feedback on the audit recommendations.

Sincerely,

Gabriel Sterling
Chief Operating Officer
Office of Secretary of State Brad Raffensperger

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AUDIT RESPONSES TO BE INCLUDED IN THE TEXT OF THE REPORT

Audit Recommendation #1

To address the described issues, OIG recommends that EAC:

1. Confirm that the Georgia Secretary of State implements corrective action to address recommendation 8 in Report Number 21-11 issued by the Georgia Department of Audits and Accounts.

Georgia Secretary of State's Response:

This audit shows the Georgia Secretary of State (GSoS) did an excellent job accounting for and expending of grant funds in accordance with the Help America Vote Act (HAVA). Although there were no HAVA dollars expended for the purchase of the Statewide Voting System, GSoS does agree that inventory purchased by the Agency should be recorded and reviewed on a periodic basis. SOS will use state funds to conduct an inventory count and purchase a new inventory system once appropriated and approved by Legislature.

Audit Recommendation #2

To address the described issues, OIG recommends that EAC:

2. Calculate lost interest due to the untimely deposit of 2018 and 2020 Election Security funds and ensure any amounts due are deposited into to the election fund.

Georgia Secretary of State's Response:

This audit shows the Georgia Secretary of State (GSoS) did an excellent job accounting for and expending of grant funds in accordance with the Help America Vote Act (HAVA). The agency has procedures in place and has hired dedicated resources to ensure timely deposit of federal funds within the State's interest-bearing accounts. Federal funds are deposited upon receipt with the exception of funds required for cash flow needs. During 2018, the previous administration did not timely deposit funds into an interest-bearing account. There may have been a legitimate rationale, but we do not have any insights on that issue because there are no shared personnel from that time. Once discovered by the new administration, funds were transferred to the interest-bearing accounts managed by the Office of the State Treasurer. During FY2020, certain funds were committed for use prior to receipt and therefore was intentionally not transferred to the interest-bearing accounts managed by the Office of the State Treasurer. GSoS calculated lost interest due to the untimely deposit of 2018 Election Security funds and provided balance to EAC. GSoS will continue to enhance existing policies, practices, procedures, and training to continue to ensure compliance with federal and state regulations.

Audit Recommendation #3

To address the described issues, OIG recommends that EAC:

3. Require the Georgia Secretary of State to reconcile interest earned reported by the Georgia Office of the State Treasurer and interest earned recorded on the general ledger and correct any impacted financial reports for the reissued Section 101, reissued Section 251, and Election Security awards.

Georgia Secretary of State's Response:

This audit shows the Georgia Secretary of State (GSoS) did an excellent job accounting for and expending of grant funds in accordance with the Help America Vote Act (HAVA). The agency has procedures in place and has hired dedicated resources to ensure accurate recording and reporting of interest earned on federal funds. Federal funds are deposited upon receipt with the exception of funds required for cash flow needs. GSoS accurately reported interest earned with minimal errors. GSoS will correct the minor interest errors and submit with the FFRs due on July 31, 2024. GSoS will continue to enhance existing policies, practices, procedures, and training to continue to ensure compliance with federal and state regulations.

Audit Recommendation #4

To address the described issues, OIG recommends that EAC:

4. Require the Georgia Secretary of State to assess, and update as necessary, the policies and procedures in place to ensure interest is earned on grant funds and accurately reported on financial reports.

This audit shows the Georgia Secretary of State (GSoS) did an excellent job accounting for and expending of grant funds in accordance with the Help America Vote Act (HAVA). The agency has procedures in place and has hired dedicated resources to ensure accurate recording and reporting of interest earned on federal funds. Federal funds are deposited upon receipt with the exception of funds required for cash flow needs. GSoS accurately reported interest earned with minimal errors. GSoS will correct the minor interest errors and submit with the FFRs due on July 31, 2024. GSoS will continue to enhance existing policies, practices, procedures, and training to continue to ensure compliance with federal and state regulations.

Audit Recommendation #5

To address the described issues, OIG recommends that EAC:

5. Determine the allowability of \$10,000 in unsupported questioned costs under the Election Security award and recover any amount that is unallowable.

This audit shows the Georgia Secretary of State (GSoS) did an excellent job accounting for and expending of grant funds in accordance with the Help America Vote Act (HAVA). During the audit, GSoS provided evidence of expense in question. GSoS hired a hand writing and signature specialist to conduct training for absentee ballot signature verification. Expense is supported by an agenda and training deliverable from the contractor and is within categories of allowable expenses. A copy of the invoice was not able to be obtained due to the untimely death of the contractor. GSoS sees this as an isolated incident and feels it does not reflect the operational effectiveness of accounting for and expending of grant funds in accordance with the Help America Vote Act (HAVA).



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

TO: Sarah Dreyer, Acting Inspector General

FROM: Brianna Schletz
Executive Director

A handwritten signature in black ink, appearing to read "BS", is positioned below the printed name and title.

DATE: July 22, 2024

RE: Response to Draft Audit Report of Grants Awarded to the State of Georgia, OIG Report No. G23GA0047-24-XX

Thank you for the opportunity to respond to the OIG draft audit of HAVA funds awarded to The Georgia Secretary of State Office (SOS). This response serves as the EAC's management decision. The scope of the audit included HAVA Sections 251, 101 Election Improvement, 101 Election Security, and CARES grants. The EAC generally agrees with the recommendations and describes our management decisions related to each one below.

Finding #1, Recommendation #1, GA SOS Implemented Changes in Response to March 2022 Georgia Department of Audits and Accounts (DOAA) Audit Report: The OIG noted the GA SOS has implemented corrective actions for the first seven recommendations identified for HAVA grants within the Georgia Department of Audits and Accounts FY22 report. The final recommendation which states "SOS should record equipment associated with the statewide voting system in the inventory system and conduct an inventory every two years" was not yet addressed at the time of the OIG's audit.

1. Confirm that the Georgia Secretary of State implements corrective action to address recommendation 8 in Report Number 21-11 issued by the Georgia Department of Audits and Accounts.

Management Decision: The EAC OGM learned through discussion with the GA SOS that documents provided to the DOAA after the audit showed the equipment came from state bonds and grant matching funds. In discussion with the GA SOS, they acknowledged improvements could be made to record and review inventory on a periodic basis. Additionally, the current system requires upgrades. The GA SOS office continues to request funding from the state legislature for additional inventory and asset management resources. The EAC OGM anticipates learning of updated procedures on inventory review, and possible procurement of a new inventory reporting system, by June 30, 2025.

Finding #2, Recommendations #2- #4, GA SOS Did Not Consistently and Accurately Earn, Record, and Report Interest: The auditors found that the GA SOS office established a state election fund with the Office of the State Treasurer, but grant funds were not deposited timely,



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nor was interest earned, recorded, and reported accurately. The OIG presents the following three recommendations:

2. Calculate lost interest due to the untimely deposit of 2018 and 2020 Election Security funds and ensure any amounts due are deposited into to the election fund.
3. Require the Georgia Secretary of State to reconcile interest earned reported by the Georgia Office of the State Treasurer and interest earned recorded on the general ledger and correct any impacted financial reports for the reissued Section 101, reissued Section 251, and Election Security awards.
4. Require the Georgia Secretary of State to assess, and update as necessary, the policies and procedures in place to ensure interest is earned on grant funds and accurately reported on financial reports.

Management Decision:

#2: Supporting reconciliation from the GA SOS identified the lapse in depositing the initial FY18 Election Security award (August of 2018). Upon learning of the issue, the GA SOS promptly transferred the FY18 funds to their interest-bearing account. The FY18 grant was transferred to the state treasury interest-bearing account in January of 2020. Through review of previous reports and communications, the EAC OGM identified communication in early 2021 pointing to the necessary review and revision of Election Security interest. Though the lapse in time of deposit, 17 months, was not timely the EAC OGM personnel should have also advised the GA SOS office to calculate and restore any potential lost interest. The OGM will work with the GA SOS to reconcile and calculate the lost interest related to the FY18 Election Security grant. The OGM anticipates resolving recommendation #2 by December 29, 2024.

Upon reviewing the GA SOS's reconciliation of FY20 Election Security and CARES award deposits, the transfer of grant funds was minimal, taking three weeks and four weeks, respectively. The EAC OGM finds this timely and considers this portion of the recommendation closed.

#3: Reconciliation of interest and expenses were conducted as part of the audit process. The GA SOS found interest was booked according to the interest reports provided by the state, though the GA SOS acknowledges some of the earned interest amounts were reported on the incorrect grant award FFR. The misaligned recording of earned interest has been resolved through established internal procedures which help align the state interest report to each grant program. The GA SOS will correct the minor variances in their June 30th, 2024 reporting cycle and attach their reconciliations with a memo clarifying the differences to the reports. Through review and approval of the financial reports, the EAC OGM anticipates closing this recommendation by August 31, 2024.

#4: The EAC OGM confirmed that GA SOS has appropriate procedures to ensure interest is earned on grant funds and accurately reported. Additionally, with high staff turnover recently



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resolved in the GA SOS office, there is dedicated staff consistently executing financial reporting. The EAC OGM considers this recommendation closed.

Finding #3, Recommendation #5, One Unsupported Expenditure: The auditors sampled 95 transactions totaling \$9.9 million across three grant programs and noted one unsupported cost of \$10,000.

5. Determine the allowability of the \$10,000 in unsupported questioned costs under the Election Security award and recover any amount that is unallowable.

Management Decision:

The EAC OGM found internal controls were followed when procuring and paying the contractor with the identified unsupported cost. The EAC OGM confirmed the work product (an agenda and training presentation on voting security) was completed by the contractor, though the final invoice could not be provided given the contractor's unfortunate passing. The GA SOS confirmed the wrong invoice was attached during the initial request for payment. By the time the attachment was reviewed, the GA SOS office was unable to obtain a new invoice. Subsequent email conversations confirmed the sequence of events, and though a final invoice was not obtainable, the EAC OGM agrees that payment in full was appropriately made and the cost was fully supported and allowable. The EAC OGM believes the SOS office properly supported the costs even during a confluence of unfortunate circumstances and considers this recommendation closed.



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