

OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

AUDIT OF THE HELP AMERICA VOTE ACT GRANTS AWARDED TO THE TERRITORY OF AMERICAN SAMOA

Report No. G22AS0021-24-04
November 29, 2023



HIGHLIGHTS

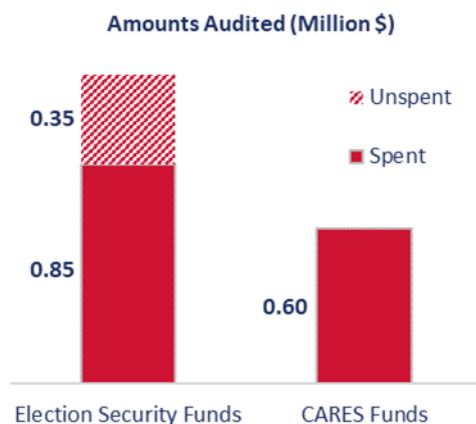
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What OIG Audited

The Office of Inspector General, through the independent public accounting firm of McBride, Lock & Associates, LLC, audited funds received by American Samoa under the Help America Vote Act (HAVA), totaling \$1.8 million. This included Election Security and Coronavirus Aid, Relief, and Economic Security (CARES) Act grants.



The **objectives** of the audit were to determine whether American Samoa:

- (1) used funds for authorized purposes in accordance with Sections 101 of HAVA and other applicable requirements;
- (2) properly accounted for and controlled property purchased with HAVA payments; and
- (3) used funds in a manner consistent with the informational plans provided to EAC.

The audit also determined if proper closeout procedures were followed for the CARES Act funds.

What OIG Found

OIG found that the Territorial Election Office of American Samoa used funds in a manner consistent with plans submitted to EAC and followed proper closeout procedures for CARES Act funds. However, the Office did not expend and account for HAVA funds in accordance with requirements or account for and control property purchased.

Specifically, the Office (1) spent \$77,074 of CARES Act funds after the budget period had ended; (2) had \$158,429 in unallowable and unsupported expenditures; (3) did not earn interest on Election Security grant funds; (4) submitted financial reports that were not supported by underlying accounting records; (5) did not ensure that grants were correctly reported on the territory-wide Schedule of Expenditures of Federal Awards; and (6) did not maintain fixed asset purchases on the Government-Wide Fixed Asset Listing as required by their policies and procedures.

What OIG Recommended

OIG made 11 recommendations to improve the administration of grant funds. We recommended that EAC require the Office to return or transfer funds related to unallowable or unsupported expenditures; reconcile grant activity and submit revised financial reports; ensure property purchased with federal funds is placed on a compliant property record; and implement a variety of policies, procedures, and trainings to prevent future issues.



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

DATE: November 29, 2023

TO: U.S. Election Assistance Commission, Executive Director, Steven Frid

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

SUBJECT: Audit of the Help America Vote Act Grants Awarded to the Territory of American Samoa (Report No. G22AS0021-24-04)

This memorandum transmits the final report on Help America Vote Act grants awarded to the Territory of American Samoa. The Office of Inspector General contracted McBride, Lock & Associates, LLC, an independent certified public accounting firm, to conduct the audit. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards. We monitored the firm's work to ensure that it adhered to those standards.

Please keep us informed of the actions taken on the report's eleven recommendations, as we will track the status of their implementation.

We appreciate the assistance you and your staff provided to us during this audit.

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

McBRIDE, LOCK & ASSOCIATES, LLC

Certified Public Accountants

Established 1980

Performance Audit Report

**Administration of Payments Received Under the Help America Vote Act by
the Territorial Election Office of American Samoa**

Prepared for

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

By

McBride, Lock & Associates, LLC

October 2023

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Performance Audit Report
Administration of Payments Received Under the Help America Vote Act by
the Territorial Election Office of American Samoa

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**U.S. Election Assistance Commission
Performance Audit Report
Administration of Payments Received Under the Help America Vote Act by
the Territorial Election Office of American Samoa**

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 of the administration of payments received under the Help America Vote Act (HAVA or the Act) by the Territorial Election Office of American Samoa (Office). The payments received by the Office are identified as Election Security and the CARES Act. The scope of the audit includes: Election Security administration from inception on September 13, 2018 through March 31, 2022; CARES Act administration from inception on April 23, 2020 through closeout at December 31, 2020. 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; used the funds in a manner consistent with the budget plan provided to EAC. The audit also determined if proper closeout procedures were followed for the CARES Act funds.

In addition, the Commission requires states and territories 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 and Title II 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 did not expend and account for HAVA funds in accordance with the requirements, or account for and control property purchased, but did use the funds in a manner consistent with informational plans submitted during the audit period, and followed proper closeout procedures for CARES Act funds. The specific exceptions are as follows:

1. The Office expended \$77,074 of CARES Grant funds after the budget period end of December 31, 2020 which were not related to the 2020 federal elections.

2. There were \$130,945 of non-payroll expenditures and \$27,484 of payroll expenditures for which adequate documentation was not provided to support the allowability of the expenditures.
3. The Office did not earn interest on the Election Security grant funds placed in the election fund. The Office was provided \$1,200,000 of Election Security grant funds.
4. The Office submitted financial reports for Election Security and CARES funds which were not supported by underlying accounting records.
5. The Schedule of Expenditures of Federal Awards (SEFA) for the Territory of American Samoa reported expenditures for the years ended September 30, 2019, 2020 and 2021 under Assistance Listing Number (ALN) 90.401, Help America Vote Act Requirements Payments. The correct ALN for the Election Security Grant expenditures is 90.404.
6. The Office does not maintain their fixed asset purchases on the Government-Wide Fixed Asset Listing as required by their policies and procedures.

We have included in this report as Appendix A, the Territorial Election Office of American Samoa's written response to the draft report. Such response has not been subjected to 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 HAVA Election Security and CARES Act grants also require that states must:

- Maintain funds in a state election fund (as described in Section 104 (d) of HAVA).
- Expend payments in accordance with Federal cost principles established by the Office of Management and Budget (OMB) – (2 C.F.R. § 200).

- Submit detailed annual financial reports on the use of Title I and Title II payments. Reports must include a summary of expenditures aligned with budget categories in the grantee's plan, a list of equipment obtained with the funds, and a description of how the funded activities met the goals of the plan.
- Maintain documents and records subject to audit to determine whether payments were used in compliance with HAVA.

The Awardee – The Territorial Office of American Samoa

The HAVA funds were awarded to the Territorial Election Office of American Samoa. The Election Office is a nonpartisan agency responsible for ensuring uniformity, transparency, fairness, accuracy, and security in all elections in the territory of American Samoa. The agency promotes the proper administration of election laws, campaign finance disclosure compliance, and voter registration processes in American Samoa by promulgating rules, regulations, issuing instructions, and providing information to electoral boards and general registrars. In addition, the Election Office maintains a centralized database of territorial-wide voter registration and election related data.

Help America Vote Act Territorial Office of American Samoa Plans

The Office's HAVA budget narrative was prepared by the Office's Commissioner of Elections.

Election Security 2018 and 2020

The main objectives of the 2018 project funded by HAVA, as set forth in the budget letter, was to replace and repair voting equipment, and upgrade the voter registration system, workstations, and database.

The objectives of the 2020 project funded by HAVA, as set forth in the budget letter, was to upgrade the voter registration system hardware, hire personnel to transfer and scan documents into digital copies for their database, upgrade training facilities for staff and poll workers, strengthen election cyber security through the purchase of hardware and software, training and travel funds for staff and election officials to receive proper training on cyber security, hire a certified election registration administrator, training on the new registration system implementation and other election specific training, and purchase three vehicles to help conduct disabled voters absentee voting in preparation for the November 2020 election.

CARES Act

The objectives of the 2020 CARES Act project funded by HAVA, as set forth in the budget letter, was to use the funds to prevent, prepare for, and respond to coronavirus domestically or internationally, for the 2020 Federal election cycle. At minimum, American Samoa planned to implement basic infection prevention measures, promote frequent and thorough hand washing, including providing employees with hand sanitizers and face masks, encourage workers to stay home if they are sick, work from home, increase the physical distance between employees and others, schedule working hours between employees if needed, maintain and clean working environment and polling place areas, public awareness, and training.

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 informational plans provided to EAC.

The audit also determined if proper closeout procedures were followed for the CARES Act funds.

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 Election Security grant funds received and disbursed by the Office from September 13, 2018 through March 31, 2022. These funds are related to the appropriation of \$380 million under the Consolidated Appropriations Act (CAA), 2018 (P.L. 115-151), \$425 million under the CAA, 2020 (P.L. 115-141), and \$75 million in 2022. We audited the CARES Act grant funds received and disbursed by the Office from April 23, 2020, through December 31, 2020. These funds are related to the \$400 million authorized by the U.S. Congress under the Coronavirus Aid, Relief and Economic Security Act (P.L. 116-136). The scope of activity audited is shown in the following table:

Description	Election Security	CARES Act
Funds Received from EAC	\$ 1,200,000	\$ 600,000
State Matching Funds	-	-
Interest Income	-	-
Total Funds	\$ 1,200,000	\$ 600,000
Less Disbursements	(848,458)	(600,000)
Fund Balance	\$ 351,542	\$ -

Note: Election Security and CARES Act expenditures did not reconcile to financial system records. See Finding No. 4.

The Office's Election Security expenditures detailed by budget and program category and CARES Act expenditures detailed by cost 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 Communicates Externally
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.

Our planned audit procedures included a substantive testing phase which was not performed due to the pervasiveness of control issues and lack of documentation provided by the Office. However, we believe that the testwork completed was sufficient to draw conclusions on the audit objectives.

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, we concluded that the Office did not expend and account for HAVA funds in accordance with the requirements, account for and control property purchased, but did use the funds in a manner consistent with informational plans submitted during the audit period, and followed proper closeout procedures for CARES Act funds. The exceptions to applicable compliance requirements are described below.

Finding No. 1 – CARES Expenditures Outside the Approved Budget Period

The Office expended \$77,074 of CARES Grant funds after the budget period end of December 31, 2020 which were not related to the 2020 federal elections.

The Uniform Guidance at 2 CFR 200.403 states that, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (h) Cost must be incurred during the approved budget period.”

The Notice of Grant Award sets out the budget period for the CARES Grant as March 28, 2020 through December 31, 2020. Further instruction was provided in the 2020 CARES Grant award instructions, Paragraph III. Project and Budget Periods, which states that, “states cannot spend any federal funds on activities after December 31, 2020.”

The Office did not provide a justification of why the \$77,074 of CARES funds were spent after the budget period end of December 31, 2020. The account names in which the \$77,074 of expenditures were recorded included the following: Cars, Pick-ups, Motorcycle, Other Contractual Services, Minor Furniture and Fixtures, Janitorial Supplies, Repair and Maintenance Supplies, Operating Supplies and Office Supplies. The CARES grant closeout procedures as provided by

EAC required the Office to confirm Federal Expended amounts. However, this process did not include submitting financial records from the Office's financial management system.

The audit noted a total of \$77,074 of costs which were unallowable due to being expended outside of the approved budget period.

Recommendation

1. We recommend that the EAC require the Office to return \$77,074 to the EAC for CARES expenditures outside of the budget period.

Territorial Election Office of American Samoa's Response:

Expenditures that occurred outside of the CARES budget period should have been charged to the Election Security grant. We are working with the EAC OGM to determine the total of those expenditures.

Auditor's Response:

The EAC should ensure proper resolution of the questioned costs and work with the Office to implement procedures to ensure that future federal expenditures are properly classified.

Finding No. 2 - Election Security and CARES Unallowable and Unsupported Costs

There were \$130,945 of non-payroll expenditures and \$27,484 of payroll expenditures for which adequate documentation was not provided to support the allowability of the expenditures.

The Uniform Guidance at 2 CFR 200.403 states that, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. (g) Be adequately documented."

As stated in the Notice of Grant Award, the purpose of the HAVA Election Security Grant funding was to "improve the administration of elections for Federal office, including to enhance election technology and make election security improvements" to the systems, equipment and processes used in federal elections.

Four of the 16 non-payroll expenditures selected for testing (\$130,945 of \$183,455) were determined to be either unsupported or unallowable. The exceptions are summarized in the following table:

Transaction ID	Date	Grant	Amount	Notes
P2010341	4/14/20	Election Security	20,350	Purchase was for clothing, lanyards, "Voted" stickers, banners, promo bags, logo pens, hats, and coffee cups. Purchase was not a proposed cost in the Office's Election Security Budget and does not meet the stated purpose of the award per the terms and conditions.
P2010463	7/01/20	Election Security	58,000	Evidence of the Office's competitive procurement in accordance with policy for this vehicle purchase was not provided.
P2010139	12/11/19	Election Security	45,000	Quotation provided was for \$32,000 but invoice and payment amounts were \$45,000. A documented justification for difference between quote and actual payment was not included in the supporting documentation.
P2010281	8/11/20	Election Security	7,595	Evidence of competitive procurement of this heavy duty full multifunction printer was not included in the supporting documentation provided.

10 of the 37 employee payroll transactions selected for testing and two pay periods (\$27,484 of \$54,388) were determined to be unsupported due to adequate documentation, which includes timesheets and an approved pay rate, not being provided. Of the \$27,484, \$8,811 are CARES expenditures. There were ten instances of complete timesheets not being provided, four instances of pay rates differing from the approved pay rate, and one instance of no approved pay rate being provided (some transactions had overlapping issues). Complete supporting documentation was not provided for the October 20, 2018 and December 1, 2018 pay periods.

The Office's recordkeeping procedures led to the Office being unable to provide competitive bidding documentation, or evidence that competitive bids were unable to be obtained due to COVID's effects on suppliers of goods and services. Also, the Office was unable to provide complete payroll documentation in a timely manner due to its storage at archives.

The audit noted \$130,945 of non-payroll costs and \$27,484 of payroll expenditures which lacked adequate documentation. If additional costs were selected for testing, we expect that a similar

exception rate would be present. The exception rates were 71 percent of non-payroll expenditures and 51 percent of payroll expenditures.

Recommendation

We recommend that the EAC require the Office to:

2. Transfer to the Election Security election fund \$130,945 for the unsupported non-payroll expenditures and \$18,673 and associated fringe benefits for the unsupported payroll expenditures.
3. Return \$8,811 and associated fringe benefits to the EAC for the unsupported CARES Act payroll expenditures.
4. Implement procedures and training to ensure adequate documentation is maintained to support the allowability of expenditures charged to the HAVA grants.

Territorial Election Office of American Samoa's Response:

The office received permission to waive procurement policies due to the COVID-19 Public Health Emergency. Due to staffing restrictions and office shutdowns, normal operations along with the procurement process were delayed significantly. Documentation submitted to the auditor demonstrates that P2010463 amounting to \$58,000, P2010139 amounting to \$45,000, P2010341 amounting to \$7,595 totaling \$110,595 purchases were in fact made and that inventory is currently being used by the Office for approved HAVA funded programs.

The partial documentation furnished to the auditor regarding the CARES Act payroll expenditures are supported by the General Ledger and did in fact occur during the respective pay periods.

We agree that procedures should be implemented for better and more efficient records keeping for all HAVA grant expenditures, and we are currently beginning work to ensure record keeping is a requirement that will not be overlooked.

Auditor's Response:

EAC should work with the Office to ensure that proper documentation is maintained and available to support charges to federal awards, and that deviations from stated policies are documented. EAC should work with the Office to determine the amount of unallowable costs charged to HAVA grants.

Finding No. 3 – Interest Earned on Election Fund

The Office did not earn interest on the Election Security grant funds placed in the election fund. The Office was provided \$1,200,000 of Election Security grant funds.

HAVA Section 254(b)(1) requires that the following monies be deposited into its election fund:

1. Amounts appropriated or otherwise made available by the State for carrying out the activities for which the requirements payment is made to the State under this part.
2. The requirements payment made to the State under this part.
3. Such other amounts as may be appropriated under law.
4. Interest earned on deposits of the fund.

Election Security grant funds were not earning interest from September 13, 2018 to March 31, 2022. The Office calculated interest owed to the Election Security grant based on funds received and the cash balance at each month from receipt through May 2023 and transferred that amount to the election fund on June 28, 2023.

The Office had lost interest income which would have been earned and available to fund the Election Security Grant.

Recommendation

5. We recommend that the EAC require the Office to implement procedures to ensure interest is earned on any election funds received going forward.

Territorial Election Office of American Samoa's Response:

This matter has already been settled with the Election Assistance Commission.

Auditor's Response:

The EAC should work with the Office to implement procedures to ensure that interest is earned on all future HAVA funds.

Finding No. 4 – Financial Reporting

The Office submitted financial reports for Election Security and CARES funds which were not supported by underlying accounting records.

	<u>Election Security</u> <u>As of 3/31/2022</u>	<u>CARES Act</u> <u>As of 12/31/20</u>
Accounting System Expenditures	\$ 877,465	\$ 522,926
Expenditures Reported per FFR	<u>848,458</u>	<u>600,000</u>
Difference	<u>\$ 29,007</u>	<u>\$ (77,074)</u>

The terms and conditions of the HAVA awards require the submission of accurate and complete Federal Financial Reports which reflect the uses of award funds and the interest income generated from those funds.

The Office did not provide an explanation of the cause of the variance between the amount reported on the Election Security Federal Financial Report and the amount in the accounting system. The cause of the CARES variance is discussed in Finding No. 1.

Proper disclosure of federal award expenditures increases the likelihood that the entity complies with the requirements of the HAVA grants.

Recommendation

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

6. Perform a reconciliation of the grant activity for the Election Security grant through March 31, 2022 to ensure that all expenditures are fully disclosed and reconcile into the fund balance.
7. Prepare and submit revised financial reports to the EAC for Election Security activities as of March 31, 2022.
8. Implement procedures and training to ensure proper reporting of HAVA grant activity on future financial reports.

Territorial Election Office of American Samoa's Response:

We intend to look into these and will work with the Grants Division of the EAC to make necessary revisions to the previously submitted Federal Financial Reports.

We intend to do so.

We agree with this recommendation and will work with Treasury to ensure all future reporting is documented, checked and correct.

Auditor's Response:

The EAC should work with the Office to ensure that past Federal Financial Reports are appropriately corrected and that procedures are implemented to ensure accurate reporting moving forward.

Finding No. 5 – Identification of ALN on SEFA

The Schedule of Expenditures of Federal Awards (SEFA) for the Territory of American Samoa reported expenditures for the years ended September 30, 2019, 2020 and 2021 under Assistance Listing Number (ALN) 90.401, Help America Vote Act Requirements Payments. The correct ALN for the Election Security Grant expenditures is 90.404.

The Uniform Guidance at 2 CFR 200.302(b) states that, “The financial management system of each non-Federal entity must provide for the following: (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.”

The Election Security Grant funds were reported to the preparers of the SEFA using the original HAVA funds ALN and no distinction was made for the Election Security grant’s differing ALN number.

Proper identification of a federal program’s ALN increases the likelihood that the entity complies with the requirements of that program.

Recommendation

9. We recommend that the EAC require the Office to implement a policy to ensure amounts reported on the Territory-wide SEFA are properly identified by ALN title and number in compliance with Uniform Guidance.

Territorial Election Office of American Samoa’s Response:

The Office does not have anything to do with ALN reporting on SEFA, however this finding was shared with the American Samoa Department of Treasury and they have responded with assurance that the typographical error will be corrected.

Auditor’s Response:

The EAC should ensure that procedures implemented by the government of American Samoa are sufficient to ensure proper reporting in the future.

Finding No. 6 – Inadequate Equipment Management

The Office does not maintain their fixed asset purchases on the Government-Wide Fixed Asset Listing as required by their policies and procedures.

The Uniform Guidance at 2 CFR 200.313(b) states that, “A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures.”

The Office provided the Department of Treasury, American Samoa Government, Finance Division, Policy Guidance which mentions that printers in excess of \$500 and all vehicles should be included on the Government-Wide Fixed Asset listing.

The Office did not provide a copy of the Government-Wide Fixed Asset listing.

Inadequate tracking of property purchased with federal funds could lead to an increased risk that the equipment is not being used or disposed of in accordance with federal regulation.

Recommendation

We recommend that the EAC require the Office to:

10. Implement a policy to ensure property purchased with federal funds is used, managed, and disposed in accordance with the Office's procedures.
11. Ensure all property purchased with Federal funds is placed on a compliant property record.

Territorial Election Office of American Samoa's Response:

The American Samoa Government has a whole office whose sole responsibility is to keep records and inventory of all Government property, identifying property purchased with local and federal funds.

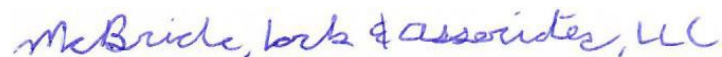
The Election office does keep its own records of inventory and property purchased with Federal funds, but details and documentation records are with the Office of Procurement and the Office of Property Management.

Auditor's Response:

The EAC should work with the Office and the government of American Samoa to ensure that all property purchased with HAVA funds is being tracked in accordance with federal regulations.

The Office responded on November 7, 2023, and generally agreed with the report's Findings. The EAC responded on November 7, 2023, and stated that they will work with the Territorial Office of American Samoa to implement and complete appropriate corrective action on the findings by June 15, 2024. 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 October 13, 2022, and October 2, 2023.



McBride, Lock & Associates, LLC
Kansas City, Missouri
October 2, 2023

APPENDIX A-1

Response of the Territorial Election Office of American Samoa to the Draft Report



American Samoa Election Office
Response to Audit Findings and Recommendation for HAVA and CARES Act Funds

Finding No.1 – CARES Expenditures Outside the Approved Budget Period

The Office expended \$77,074 of CARES funds after the budget period end of December 31, 2020 which were not related to the 2020 federal elections.

Recommendation

1. We recommend that the EAC require the Office to return \$77,074 to the EAC for CARES expenditures outside of the budget period.

Territorial Election Office of American Samoa's Response:

1. Expenditures that occurred outside of the CARES budget period should have been charged to the Election Security grant. We are working with the EAC OGM to determine the total of those expenditures.

Finding No.2 – Election Security and CARES Unallowable and Unsupported Cost

There were \$130,945 of non-payroll expenditures and \$27,484 of payroll expenditures for which adequate documentation was not provided to support the allowability of the expenditures.

Recommendation

We recommend that the EAC require the Office to:

2. Transfer to the Election Security election fund \$130,945 for the unsupported non-payroll expenditures and \$18,673 and associated fringe benefits for the unsupported payroll expenditures.
3. Return \$8,811 and associated fringe benefits to the EAC for the unsupported CARES Act payroll expenditures.
4. Implement procedures and training to ensure adequate documentation is maintained to support the allowability of expenditures charged to the HAVA grants.

Territorial Election Office of American Samoa's Response:

2. The office received permission to waive procurement policies due to the COVID-19 Public Health Emergency. Due to staffing restrictions and office shutdowns, normal operations along with the procurement process were delayed significantly. Documentation submitted to the auditor

demonstrates that P2010463 amounting to \$58,000, P2010139 amounting to \$45,000, P2010341 amounting to \$7,595 totaling \$110,595 purchases were in fact made and that inventory is currently being used by the Office for approved HAVA funded programs.

3. The partial documentation furnished to the auditor regarding the CARES Act payroll expenditures are supported by the General Ledger and did in fact occur during the respective pay periods.
4. We agree that procedures should be implemented for better and more efficient records keeping for all HAVA grant expenditures, and we are currently beginning work to ensure record keeping is a requirement that will not be overlooked.

Finding No.3 – Interest Earned on Election Fund

The office did not earn interest on the Election Security grant funds placed in the election fund. The Office was provided \$1,200,00 of Election Security grant funds.

Recommendation

5. We recommend that the EAC require the Office to implement procedures to ensure interest is earned on any election funds received going forward.

Territorial Election Office of American Samoa's Response:

5. This matter has already been settled with the Election Assistance Commission.

Finding No.4 – Financial Reporting

The Office submitted financial reports for Election Security and CARES funds which were not supported by underlying accounting records.

Recommendation

6. Perform a reconciliation of the grant activity for the Election Security grant through March 31, 2022 to ensure that all expenditures are fully disclosed and reconcile into the fund balance.
7. Prepare and submit revised financial reports to the EAC for Election Security activities as of March 31, 2022.
8. Implement procedures and training to ensure proper reporting of HAVA grant activity on future financial reports.

Territorial Election Office of American Samoa's Response:

6. We intend to look into these and will work with the Grants Division of the EAC to make necessary revisions to the previously submitted Federal Financial Reports.
7. We intend to do so.
8. We agree with this recommendation and will work with Treasury to ensure all future reporting is documented, checked and correct.

Finding No. 5 – Identification of ALN on SEFA

Recommendation

9. We recommend that the EAC require the Office to implement a policy to ensure amounts reported on the Territory-wide SEFA are properly identified by ALN title and number in compliance with the Uniform Guidance.

HON. LEMANU P.S MAUGA
Governor

HON. TALAEUGA E. VAALELE ALE
Lt. Governor

AMERICAN SAMOA GOVERNMENT - ELECTION OFFICE



LEALOFI UIAGALELEI, ED.D
Chief Election Officer

TAVAI FITI TAVAI
Deputy Director

Territorial Election Office of American Samoa's Response:

9. The Office does not have anything to do with ALN reporting on SEFA, however this finding was shared with the American Samoa Department of Treasury and they have responded with assurance that the typographical error will be corrected.

Finding No. 6 – Inadequate Equipment Management

The office does not maintain their fixed asset purchases on the Government-Wide Fixed Asset Listing as required by their policies and procedures.

Recommendation

We recommend that the EAC require the office to:

10. Implement a policy to ensure property purchased with federal funds is used, managed and disposed in accordance with the Office's procedures.
11. Ensure all property purchased with Federal funds is placed on a compliant property record.

Territorial Election Office of American Samoa's Response:

10. The American Samoa Government has a whole office whose sole responsibility is to keep records and inventory of all Government property, identifying property purchased with local and federal funds.
11. The Election office does keep its own records of inventory and property purchased with Federal funds, but details and documentation records are with the Office of Procurement and the Office of Property Management.

Very Respectfully,

Laloifi D. Saelua
HAVA/Grants Manager
Am. Samoa Election Office

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: Brianna Schletz, Inspector General

FROM: Risa Garza, Interim Grants Director

Risa Garza

DATE: November 7, 2023

RE: Response to Draft Audit Report of Grants Awarded to the Territory of American Samoa, OIG Report No. G22AS0021-24-0X

This is the EAC's response to the OIG draft audit of HAVA funds awarded to the Territorial Election Office of American Samoa (Office) and serves as the EAC's management decision. The scope of the audit included 101 Election Security and 101 CARES grants. The EAC generally agrees with the recommendations and describes our management decisions related to each one below.

Finding and Recommendations #1, CARES Expenditures Outside of Approved Budget Period: The auditors identified \$77,074 of CARES grant funds were expended by the Office after the grant budget period end date of December 31, 2020. The auditors recommend that the EAC require the Office to:

1. Return \$77,074 to the EAC for CARES expenditures outside of the budget period.

Management Decision: The EAC met with the Office to discuss the CARES expenditures that were incurred outside of the budget period and determined that some of the expenditures were incorrectly classified as CARES in their accounting system. The EAC will work with the Office to ensure proper accounting of those expenditures and identify the amounts that should be returned to the EAC. Additionally, the EAC will require the Office to implement policies and procedures that ensure that grant expenditures are classified correctly and in line with the terms of the grant, including the budget period.

Finding #2 and Recommendations #2, #3 and #4, Election Security and CARES Unallowable and Unsupported Costs: The auditors questioned \$130,945 of non-payroll expenditures and \$27,484 of payroll expenditures as unsupported. They found that 10 of 37 employee transactions totaling \$27,484 did not have adequate documentation, including timesheets and an approved pay rate. Four of the 16 non-payroll transactions selected for testing were determined to be either unsupported or unallowable under the terms of the grant. The auditors recommend that the EAC require the Office to:

2. Transfer to the Election Security election fund \$130,945 for the unsupported non-payroll expenditures and \$18,673 and associated fringe benefits for the unsupported payroll expenditures
3. Return \$8,811 and associated fringe benefits for the unsupported CARES Act payroll expenditures.
4. Implement procedures and training to ensure adequate documentation is maintained to support the allowability of expenditures charged to the HAVA grants.

Management Decision: The EAC will work with the Office to identify any amounts that are not allowed under HAVA and/or CARES and need to be returned to the EAC. EAC recognizes that the Office was not able to provide supporting documentation, including regarding exceptions for procurement policies, in a timely manner to the auditors and will work with the Office to develop procedures for maintaining adequate documentation that is more readily accessible to staff. The Office also provided background information on the unallowable expenditures identified by the auditors. The promotional items purchased were for the Office's Special Needs and Outreach Program, which was included in their approved 2018, 2020, and 2022 budgets for Election Security funding. The EAC determined that most of these expenditures are allowable as part of the Office's approved HAVA program and per 2 CFR 200.421(b)(4). The EAC will work with the Office to determine which items are not allowable and the amount that must be returned to the EAC.

Finding #3 and Recommendation #5, Interest Earned on Election Fund: The auditors found that the Office did not earn interest on the Election Security funds placed in the election fund. The auditors recommend that the EAC require the Office to:

5. Implement procedures to ensure interest earned on any election funds received going forward.

Management Decision: As noted by the auditors, the Office calculated lost interest and deposit all HAVA funds and lost interest in an interest-bearing account prior to the publication of this report. The EAC will provide technical assistance to the Office to support their development and implementation of procedures to ensure any election funds received going forward are deposited in an interest-bearing account.

Finding #4 and Recommendation #6, #7, and #8, Financial Reporting: The auditors found that the Office submitted financial reports for Election Security and CARES funds which were not supported by underlying accounting records. The auditors recommend that the EAC require the Office to:

6. Perform a reconciliation of the grant activity for the Election Security grant through March 31, 2022 to ensure that all expenditures are fully disclosed and reconcile into the fund balance.
7. Prepare and submit revised financial reports to the EAC for Election Security activities as of March 31, 2022.

8. Implement procedures and training to ensure proper reporting of HAVA grant activity on future financial reports.

Management Decision: The Office confirmed that the America Samoa Government Treasury reconciles expenditures reported in financial reports with accounting system records. The EAC will work with the Office and the ASG Treasury to identify any errors in past financial reporting and will require the Office to submit revised reports as necessary. Going forward, the EAC will also provide technical assistance to the Office to support the development and implementation of procedures that will allow staff to reconcile future grant activity in collaboration with the ASG Treasury.

Finding #5 and Recommendation #9, Identification of ALN on SEFA: The auditors found that the incorrect Assistance Listing Number (ALN) was included for reported Election Security expenditures on the Schedule of Expenditures of Federal Awards (SEFA) for the Territory of American Samoa for the years ended September 30, 2019, 2020, and 2021. The auditors recommend that the EAC require the Office to:

9. Implement a policy to ensure amounts reported on the territory-wide SEFA are properly identified by ALN Title and number in compliance with the Uniform Guidance.

Management Decision: The EAC will work with the Office to develop and implement a policy that ensures proper identification of HAVA grants on the SEFA.

Finding #6 and Recommendations #10 and #11, Inadequate Equipment

Management: The auditors found that the Office did not maintain fixed asset purchases on the Government-Wide Fixed Asset Listing as required by their policies and procedures.

10. Implement a policy to ensure property purchased with federal funds is used, managed, and disposed in accordance with the Office's procedures.
11. Ensure all property purchased with Federal funds is placed on a compliant property records.

Management Decision: ASG's Office of Property Management is responsible for the inventory of assets as they tag and distribute, along with Procurement, every item that the Office pays for. Although a fixed asset listing is maintained, the accuracy and completeness cannot be determined at this point due to non-responsiveness from the OPM.

The EAC is working with the Office to conduct an inventory of all its fixed assets, follow its procedures for disposing of fixed assets, follow its capitalization policy, and establish sufficient controls for fixed assets that are in compliance with the ASG's policies and procedures and Federal regulations. The EAC expects to review the actions and documentation provided by the state by June 15, 2024.

The EAC expects to review the actions and documentation provided by the state by June 15, 2024.

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	Yes	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 territory's proper use of funds and compliance with award requirements.

Information and Communication and its underlying principles were deemed to be significant to our determination of the awardee's compliance with the FFR 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 territory'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 Territory'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 territory is required to communicate equipment purchases to the Department of Treasury 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 territory'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 territory'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.

**ELECTION SECURITY EXPENDITURES BY BUDGET CATEGORY AND PROGRAM CATEGORY
SEPTEMBER 13, 2018 TO MARCH 31, 2022**

Budget Categories	Program Categories						Total
	Voting Equipment	Election Auditing	Voter Registration Systems	Cyber Security	Communications	Other	
Personnel (Including Fringe)	\$ -	\$ -	\$ 287,116	\$ 265,652	\$ -	\$ 48,466	\$ 601,234
Equipment	19,913	-	97,535	6,900	8,237	-	132,585
Subgrants	-	-	-	-	-	-	-
Training	-	-	12,831	27,815	-	-	40,646
All Other Costs	-	-	-	-	-	103,000	103,000
Total Direct Costs	\$ 19,913	\$ -	\$ 397,482	\$ 300,367	\$ 8,237	\$ 151,466	\$ 877,465
Indirect Costs (if applied)	-	-	-	-	-	-	-
Total Federal Expenditures	\$ 19,913	\$ -	\$ 397,482	\$ 300,367	\$ 8,237	\$ 151,466	\$ 877,465
Non-Federal Match	-	-	-	-	-	-	-
Total Program Expenditures	<u>\$ 19,913</u>	<u>\$ -</u>	<u>\$ 397,482</u>	<u>\$ 300,367</u>	<u>\$ 8,237</u>	<u>\$ 151,466</u>	<u>\$ 877,465</u>

Note: Expenditures agree to the General Ledger reports as of March 31, 2022.

**CARES ACT EXPENDITURES BY COST CATEGORY
APRIL 23, 2020 TO DECEMBER 31, 2020**

<u>Cost Categories</u>	<u>Federal Amount</u>
Voting Processes	\$ 46,620
Staffing	388,696
Security and Training	24,572
Communications	48,610
Supplies	<u>91,502</u>
Total CARES Expenditures	<u>\$ 600,000</u>

Note: Expenditures agree to the Federal Financial report as of December 31, 2020.

**MONETARY IMPACT AS OF MARCH 31, 2022 FOR ELECTION
SECURITY GRANT AND DECEMBER 31, 2020 FOR CARES ACT
GRANT**

Description	Questioned Costs	Unsupported Costs	Additional Funds for Program
Election Security	\$ -	\$ 149,618	\$ -
CARES	77,074	8,811	-
Total	<u>\$ 77,074</u>	<u>\$ 158,429</u>	<u>\$ -</u>



Visit our website at oig.eac.gov

U.S. Election Assistance Commission
Office of Inspector General
633 3rd Street, NW, Second Floor
Washington, DC 20001

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