

# OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

## MANAGEMENT LETTER REPORT

### AUDIT OF THE U.S. ELECTION ASSISTANCE COMMISSION'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2024

Report No. F24HQ0053-25-02  
November 14, 2024





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

**DATE:** November 14, 2024

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

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

**SUBJECT:** Management Letter Report Related to the Audit of the U.S. Election Assistance Commission's Financial Statements for Fiscal Year 2024 (Report No. F24HQ0053-25-02)

This memorandum transmits the management letter report related to the Audit of the U.S. Election Assistance Commission's Financial Statements for Fiscal Year 2024.

We contracted with the independent public accounting firm of Allmond and Company, LLC (Allmond & Company) to audit the financial statements of U.S. Election Assistance Commission (EAC) as of and for the fiscal year ended September 30, 2024, to provide a report on internal control over financial reporting, report on compliance with laws and other matters, and provide a report on whether EAC's financial management systems complied with selected provisions of applicable laws, regulations, contracts, and grant agreements. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget audit guidance, and the GAO/CIGIE *Financial Audit Manual*.

As part of its audit, Allmond & Company issued the attached management letter report dated November 12, 2024. The purpose is to convey to you information concerning internal control weaknesses that did not rise to the level of a significant deficiency or material weakness.

In connection with the contract, we reviewed Allmond & Company's management letter report and related documentation and inquired of its representatives. Allmond & Company is responsible for the letter and the conclusions expressed in the letter. However, our review disclosed no instances where Allmond & Company did not comply, in all material respects, with U.S. generally accepted government auditing standards with respect to this management letter.

The letter contains two recommendations—both of which remain open from prior year. Please continue to keep us informed of the actions taken to address them, as we track the status of their implementation.

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

**U.S. ELECTION ASSISTANCE COMMISSION  
MANAGEMENT LETTER REPORT  
SEPTEMBER 30, 2024**



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**MANAGEMENT LETTER REPORT**

Chairman, Election Assistance Commission  
Executive Director, Election Assistance Commission

Inspector General Election Assistance Commission:

We audited the Election Assistance Commission (EAC) financial statements as of September 30, 2024 and 2023, for the year then ended and issued our report dated November 12, 2024, under separate cover.

In planning and performing our audit, we considered EAC's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EAC's internal control over financial reporting. Though not considered to be a material weakness or significant deficiency, we noted two additional matters involving internal control that are presented in this letter for EAC's management's attention and consideration.

The purpose of this report is solely for the information and use of EAC management. We appreciate your assistance and cooperation during the audit and look forward to serving you in the near future.

Sincerely,

*Allmond & Company, LLC*

Lanham, MD  
November 12, 2024

Allmond & Company audited the accompanying balance sheet of the Election Assistance Commission (EAC) as of September 30, 2024 and 2023, and the related statements of net cost, statements of changes in net position, and statements of budgetary resources for the years then ended (the financial statements). We noted two additional matters involving the internal control and EAC operations that we think warrant management's attention; however, these issues were not considered to be significant deficiencies or a material weakness.

Under standards issued by the American Institute of Certified Public Accountants, a deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit the attention by those charged with governance. There were no material weaknesses noted during our audit of EAC's FY 2024 financial statements. However, we noted one significant deficiency described in Exhibit I, *Findings and Recommendations*, to the Auditor's Report.

We noted the following control deficiencies during our audit:

1. Improvements Needed in Maintaining Official Personnel Files (OPFs)
2. Improvements Needed over Delegation of Contracting Authority

The conditions are discussed in detail in the findings outlined below:

### **FINDING 1: Improvements Needed in Maintaining Official Personnel Files (OPFs)**

#### **CONDITION:**

The Election Assistance Commission (EAC) has entered into a service level agreement with the U.S. General Services Administration (GSA) to provide Human Resources services for the agency. Under the service level agreement between the parties, GSA is required to establish and maintain electronic official personnel files (eOPFs) in compliance with OPM regulations.

Although EAC receives services from their service provider, EAC is responsible for ensuring that their personnel files are maintained in accordance with the OPM requirements. During interim testing, we noted that EAC and GSA did not properly maintain documentation to support payroll withholdings and expenses recorded in the financial system. Specifically, we noted the following:

1. 1 of 24 employees tested did not have a Thrift Savings Plan (TSP-1) form in their eOPF to support the applicable TSP-1 election made by the employee and deducted on their Earnings and Leave Statement for the pay period selected.

#### **CRITERIA:**

U.S. Government Accountability Office GAO-14-704G Standards for Internal Control in the Federal Government (or "Green Book"), September 2014 revision, Section 10.03 Appropriate documentation of transactions and internal control states that "Management clearly documents internal control and all

transactions and other significant events in a manner that allows the documentation to be readily available for examination”.

In addition, Documentation Requirements, Section OV4.08 of the Greenbook states that “Documentation is required for the effective design, implementation, and operating effectiveness of an entity’s internal control system”.

Furthermore, Service Organizations, Section OV4.01 of the Greenbook states that “Management may engage external parties to perform certain operational processes for the entity, such as accounting and payroll processing, security services, or health care claims processing. For the purpose of the Greenbook, these external parties are referred to as service organizations. Management, however, retains responsibility for the performance of processes assigned to service organizations.”

Additionally, Section 10.03 Design of Appropriate Types of Control Activities “Controls over information processing” states that “A variety of control activities are used in information processing. Examples include edit checks of data entered; accounting for transactions in numerical sequences; comparing file totals with control accounts...”

U.S. Office of Personnel Management Operating Manual Chapter 1: General Personnel Recordkeeping Policies Electronic Records states, “The electronic Official Personnel Folder must be complete; that is, when combined with any other documents the agency chooses to retain in paper or is required by law or regulation to be maintained in paper, it must contain all the information.

OPM requires that each agency ensures that electronic Official Personnel Folder systems:

- Be thoroughly documented.
- Be able to produce legible paper copies of all records. These copies should be in compliance with the Guide to Preparing Personnel Actions, Chapter 3, Subchapter 3 for SFs 50 & 52. Other form copies should be in conformance with the requirements of the program office that requires the collection and use of the information in accordance with 41 CFR subchapter B, Management and Use of Information and Records, part 101-11-203(b), Standard Forms and Optional Forms Management Program.
- Have access controls to ensure a high level of security and confidentiality.
- Allow correction and removal of erroneous records under strict authorization controls.
- Include backup and disaster recovery procedures.
- Provide for regular recopying, reformatting, and other maintenance necessary to ensure that the records will be retained and useable throughout its life cycle.
- Identify information in a way that authorized users can retrieve and maintain the required records.”

**CAUSE:**

EAC does not have adequate controls in place to ensure that Official Personnel Files are appropriately maintained. Specifically, EAC does not routinely review eOPF’s to confirm that all relevant employee benefit election forms are appropriately documented and retained.

**EFFECT:**

EAC's failure to properly record and maintain official personnel records increases the risk for misstatement in payroll expense and related liabilities. Additionally, it increases the risk of incorrect amounts being withheld from employee's pay.

**RECOMMENDATION:**

We recommend that EAC, in combination with its service organization:

- Perform thorough routine reviews of Official Personnel Files to ensure the following:
  - All relevant employee benefit election forms are appropriately documented and retained.
  - Overall Official Personnel Files are complete and accurate.

**MANAGEMENT'S RESPONSE:**

EAC management agrees with the recommendation and that the auditors identified one TSP-1 form missing from the employee's electronic Official Personnel Files (eOPF). This did not negatively impact any other facets related to the employee's election or TSP transaction. For the specific form missing, the EAC plans to add the form to the employee's eOPF by December 30, 2024.

EAC management will continue to coordinate with the service organization to review personnel files for accuracy and appropriate retention. Additionally, EAC is migrating from its current service organization, and as part of this process, files will be reviewed to ensure relevant benefit forms are documented and retained, and that eOPF files are complete and accurate. We anticipate the migration process to be complete in December 2025.

**AUDITOR'S RESPONSE:**

We will conduct follow-up procedures in FY 2025 to determine whether corrective actions have been developed and implemented.

**FINDING 2: Improvements needed over Delegation of Contracting Authority**

**CONDITION:**

During our review of the Election Assistance Commission (EAC) procurement activities we noted that EAC needs improvements in the Delegation of Contracting Authority. More specifically, we noted the following:

- For 3 of 157 interim procurement samples tested, we noted that the contract was signed by an EAC official without the appropriate authority to do so.

The 3 contracts noted as exceptions were obligated during FY 2022, prior to our FY 2023 financial statement audit and the Election Assistance Commission (EAC) Office of Inspector General (OIG) audit over EAC's procurement activities (issued in January 2024).

**CRITERIA:**

The U.S. Election Assistance Commission Policies and Procedures, March 2018, Section C *Overview* Subpart 2(a) states that the Commission’s policy is to “Acquire all supplies and services following the Federal Acquisition Regulations (FAR) the uniform policies and procedures for acquisition by all executive agencies and this document”.

In addition, Section C, subpart 2(e) states that “Only the Contracting Officer can obligate the Commission in procurement activities”.

The U.S. Federal Acquisition Regulation, *General*, Section 1.601 (a) states that “Unless specifically prohibited by another provision of law, authority, and responsibility to contract for authorized supplies and services are vested in the agency head. The agency head may establish contracting activities and delegate broad authority to manage the agency’s contracting functions to heads of such contracting activities. Contracts may be entered into and signed on behalf of the Government only by contracting officers”.

U.S. Government Accountability Office GAO-14-704G, *Standards for Internal Control in the Federal Government* (or “Green Book”), September 2014 revision, *Section 10.03 Proper Execution of Transactions* states that “Transactions are authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources are initiated or entered into.”

**CAUSE:**

EAC did not always utilize their designated service provider when entering into contracts for goods or services. Instead, several contracts were obligated internally by EAC management. We noted that EAC management did not always adhere to the delegation of authority requirements outlined in the Federal Acquisition Regulation (FAR) while entering into contracts with public vendors.

Furthermore, we noted that EAC did not ratify existing contracts that were signed by individuals without warranted procurement authority. EAC management hired a contracting officer in September 2024, however, onboarding did not occur timely enough to remedy the current processes.

**EFFECT:**

EAC has entered into several unauthorized contracts with public vendors totaling \$273,012.27 in our FY 2024 interim sample alone. As a result, EAC entered legally binding contracts by unauthorized personnel that were subsequently recorded as obligations in its financial system.

Furthermore, EAC failed to comply with the acquisition regulations outlined in the Federal Acquisition Regulation (FAR), the codification and publication of uniform policies and procedures for acquisition by all executive agencies.



**RECOMMENDATION:**

We recommend that EAC management:

- Review all current open obligations and identify all contracts entered into without proper authorization and have the EAC and/or service provider contracting officer ratify the contracts. Ensure that the authorization is properly documented.

**MANAGEMENT'S RESPONSE:**

EAC management agrees with the recommendation and is proactively working to close it but emphasizes that no improper contracts were entered into during FY 2024 and additional context is needed.

The EAC had been unable to secure a service provider willing to implement the authority provided to the EAC under 52 U.S.C. § 20925. As such, an internal contracting process is necessary for the EAC. The EAC posted a contracting officer position in early spring of 2024. Despite offers to multiple experienced government contracting officers, the EAC was unable to secure a candidate based on an inability to match salary or because of the Commission size. The EAC then reposted the position and held interviews in July of 2024. The EAC was able to successfully secure an experienced contracting officer, who only onboarded in August 2024. As such, the implementation of the recommendation is ongoing and the EAC expects full implementation in calendar year 2025.

**AUDITOR'S RESPONSE:**

We will perform follow up procedures during FY 2025 to determine if corrective action has been fully implemented.

Status of Prior Year Findings and Recommendations

The following table provides the fiscal year (FY) 2024 status of all recommendations included in the Management Letter Report on the EAC’s FY 2023 Financial Statements (November 10, 2023).

Finding Name	FY 2023 Recommendation	FY 2024 Status
<p>Improvements Needed in Maintaining Official Personnel Files (OPFs) (2023-01)</p>	<p><b>Recommendation:</b> We recommend that EAC management:</p> <ol style="list-style-type: none"> <li>Perform thorough routine reviews of Official Personnel Files to ensure the following:                             <ul style="list-style-type: none"> <li>All relevant employee benefit election forms are appropriately documented and retained.</li> <li>The information processed on the Notification of Personnel Action (SF-50) agrees to the originating Request for Personnel Action (SF-52) form.</li> <li>The Notification of Personnel Action (SF-50) is appropriately authorized, evidenced by an electronic signature in Box 50.</li> <li>The appropriate Request for Personal Action (SF-52) and Notification of Personnel Action (SF-50) forms are complete.</li> <li>The appropriate Request for Personal Action (SF-52) and Notification of Personnel Action (SF-50) forms are retained.</li> <li>Overall Official Personnel Files are complete and accurate.</li> </ul> </li> </ol>	<p>Open</p> <p>Closed</p> <p>Closed</p> <p>Closed</p> <p>Closed</p> <p>Open</p>
<p>Improvements Needed in Maintaining Documentation (2023-02)</p>	<p><b>Recommendation:</b> We recommend that EAC management:</p> <ul style="list-style-type: none"> <li>Utilize an internal shared folder to store documentation so that it is readily available for authorized EAC personnel to access.</li> <li>Implement appropriate segregation of duties so that no one individual or team controls custody of documentation to support transactions.</li> <li>Perform periodic reviews of records to ensure that all relevant documentation is appropriately stored and accessible.</li> <li>Provide BFS with all necessary documentation to support transactions recorded in the financial system. Ensure that copies are maintained by BFS in addition to EAC.</li> </ul>	<p>Closed</p> <p>Closed</p> <p>Closed</p> <p>Closed</p>

Status of Prior Year Findings and Recommendations

Finding Name	FY 2023 Recommendation	FY 2024 Status
	<ul style="list-style-type: none"> <li>Review and maintain documentation processed and stored by GSA, to ensure that EAC can access relevant information when necessary.</li> </ul>	Closed
	<ul style="list-style-type: none"> <li>Document policies and procedures for the maintenance and retrieval of documentation, including the responsibilities of EAC personnel and the responsibilities of EAC’s service providers.</li> </ul>	Closed



Visit our website at [oig.eac.gov](https://oig.eac.gov).

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