

OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

RISK ASSESSMENT OF THE U.S. ELECTION ASSISTANCE COMMISSION'S GRANT CLOSEOUT PROCEDURES

Report No. O23HQ0046-23-10
September 28, 2023



HIGHLIGHTS

RISK ASSESSMENT OF EAC'S GRANT CLOSEOUT PROCEDURES

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What OIG Assessed

The Office of Inspector General (OIG) assessed the U.S. Election Assistance Commission's (EAC's) grant closeout procedures from September 30, 2018, to May 31, 2023. Our risk assessment included Help America Vote Act (HAVA) Section 101, Section 251, and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grants. The objectives were to:

- Gain an understanding of EAC's grant closeout processes (both administrative and final).
- Determine the volume of grants that have not been closed out.
- Identify challenges leading to delays in closeout, if any.
- Determine any areas of risk that warrant an audit or further consideration.

For testing, OIG randomly selected a sample of closed grants:

- HAVA Section 101 grants awarded to Oklahoma and Kentucky.
- HAVA Section 251 grants awarded to Louisiana and Rhode Island.
- CARES Act grants awarded to Alaska, Iowa, Nevada and South Carolina.

We did not assess Election Security grants as, according to EAC, no Election Security grants have been closed.

What OIG Determined

OIG gained an understanding of EAC's grant closeout process and found that (1) the process deviates from federal requirements in some areas, (2) ten EAC grants remain open despite policies requiring closeout, (3) EAC identified grantee and system challenges leading to delays in closeout, and (4) opportunities exist to strengthen internal controls and improve consistency in the closeout process.

Based on the results of our assessment, OIG determined an audit was not necessary at this time. However, OIG made suggestions intended to strengthen EAC's internal controls and improve consistency in the closeout process. As EAC is undergoing significant system and staffing changes, OIG will continue to monitor this area and may conduct future audit work.

What OIG Suggested

OIG made five suggestions for EAC to consider as it transitions to a new grants management and payment system and completes the impending administrative closeout process:

- 1 Finalize the Grants Manual.
- 2 Establish a process and timeline for finalizing internal documents.
- 3 Update the records disposition schedule to be consistent with federal record retention policies.
- 4 Include details in the annual reports to adhere to federal requirements.
- 5 Identify ways the new system can eliminate the use of manual data entries and email communication.



OFFICE OF THE INSPECTOR GENERAL

US ELECTION ASSISTANCE COMMISSION

633 3RD STREET, NW, SUITE 200

WASHINGTON, DC 20001

DATE: September 28, 2023

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

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

SUBJECT: Risk Assessment of the U.S. Election Assistance Commission's Grant Closeout Procedures (Report No. O23HQ0046-23-10)

This memorandum transmits the final report for the risk assessment of the U.S. Election Assistance Commission's (EAC's) grant closeout process. Our objectives were to (1) gain an understanding of EAC's grant closeout process (both administrative and final), (2) determine the volume of grants that have not been closed out, (3) identify challenges leading to delays in grant closeouts, if any, and (4) determine any areas of risk that warrant an audit or further consideration. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix B.

The report contains five suggestions. After reviewing your response to the draft report, we note that EAC is taking steps to improve the grant closeout process and address the suggestions. We appreciate the assistance you and your staff provided to us during this assessment.

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

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Background

Since the U.S. Election Assistance Commission (EAC) was established, it has awarded more than \$4 billion in Congressionally appropriated Help America Vote Act (HAVA) funds. This includes \$400 million from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) emergency funds that expired on March 26, 2022, and are closed or in process of closing. The Help America Vote Act of 2002¹ provided payments to be issued to states and territories (the grantees) as described in Sections 101 and 251 of HAVA for the purposes of improving voting systems and improving the administration of federal elections. These grants do not expire, but, as states and territories expend the full amount of these grants, EAC is closing them out.

Closing out a grant means that EAC determines all applicable administrative actions and all required work of the grant have been completed by the grantee. EAC performs two types of closeouts: administrative and final. An administrative closeout is defined by EAC as the process of closing grants—which are otherwise available until all federal, state, and earned interest are expended—on an interim, 5-year schedule. According to EAC, an administrative closeout is a paperwork exercise, and no money is actually returned to the U.S. Department of Treasury or re-awarded to the state. EAC conducted their first ever administrative closeout exercise in September 2018, completing multiple re-awards and final closeouts by 2019. A final closeout is defined by EAC as the end of the grant award when such award has been fully expended, the grant’s period of performance expired, and/or the grantee certified they were done expending the funds and EAC certified the grant award process is complete.

EAC grants are subject to the guidance of Title 2 of the Code of Federal Regulations (CFR). Requirements related to closeout indicate the EAC must make every effort to close out federal grants no later than 1 year after the grant’s period of performance end date. The grantee must submit all financial, performance, and other required reports no later than 120 calendar days after the grant’s period of performance end date. If the grantee fails to submit the required reports, EAC is required to proceed to close out the grant with the information available. In the event the grantee does not submit all reports in accordance with this guidance, EAC must report the grantee’s material failure in the Office of Management and Budget’s (OMB’s) designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)) and/or pursue other enforcement actions.²

EAC currently uses GrantSolutions as its grants management and payment system. The system is used for award management and serves as a repository for award documentation (e.g., program narratives, budget worksheets, reports, and closeout certifications). In 2022, GrantSolutions replaced Payment Management System (PMS) and Alchemer. In 2023, EAC signed a contract for an enterprise-wide solution that is scheduled to replace GrantSolutions by October 2023.

EAC’s Office of Grants Management (OGM) manages EAC grants reports associated with HAVA funds awarded to grantees. As of July 28, 2023, EAC’s OGM consisted of five employees, with a recent vacancy in the director position. All OGM members were hired after the administrative closeout that took place in 2018; the oldest tenure being January 2021.

¹ Pub. L. No. 107–252.

² 2 CFR § 200.344.

Risk Assessment Objectives

The Grants Oversight and New Efficiency Act (GONE Act) of 2016³ established mandatory reporting requirements for federal departments related to grant awards expired for 2 or more years that have not been closed out including challenges leading to delays in grant closeouts.

Aligned with the GONE Act, the Office of Inspector General (OIG) conducted this risk assessment to:

1. Gain an understanding of EAC's grant closeout process (both administrative and final).
2. Determine the volume of grants that have not been closed out.
3. Identify challenges leading to delays in grant closeouts, if any.
4. Determine any areas of risk that warrant an audit or further consideration.

EAC's Grant Closeout Process Deviates from Federal Requirements

EAC has a goal of completing its grant closeouts within 120 days, which is quicker than CFR requires. This affords them additional time to account for any delays in the process while remaining within the federally required time frame of finalizing the grant closeout process within one year from the period of performance end date. Despite the goal of an expedited process, EAC continues to experience delays with closeout due in part to some deviations in adherence to federal requirements, such as granting extensions to grantees without formal justifications.

Administrative and CARES Closeout Process

HAVA Section 101 Election Improvement (Section 101) grants and HAVA Section 251 Requirements Payment (Section 251) grants are available until fully expended. In 2018, EAC performed an administrative closeout of these grants. Prior to this, EAC had not performed closeouts for its grants. EAC intends to complete an administrative closeout again in September 2023, which will result in final closeout of grants or reissuance of the aging grants.⁴

According to EAC, a decision was made to conduct administrative closeouts every 5 years. However, EAC does not have a record of the decision, nor does it have a final, documented policy. EAC's 2023 HAVA Grants Manual says: "Because HAVA 101 and 251 funds are available until fully expended, EAC will close grants on an interim basis every five years until all federal, state, and earned interest are expended. Under an interim closeout, grantees receive a grant amendment that identifies the expended closed amount and the unexpended carry over amount."⁵ The manual is still in draft form as of the time of this risk assessment.

³ Pub. L. No. 114-117.

⁴ Aging grants refer to grants which are not fully expended (not ready for final closeout) and have not experienced a closeout in their lifetime or since the administrative closeout in 2018.

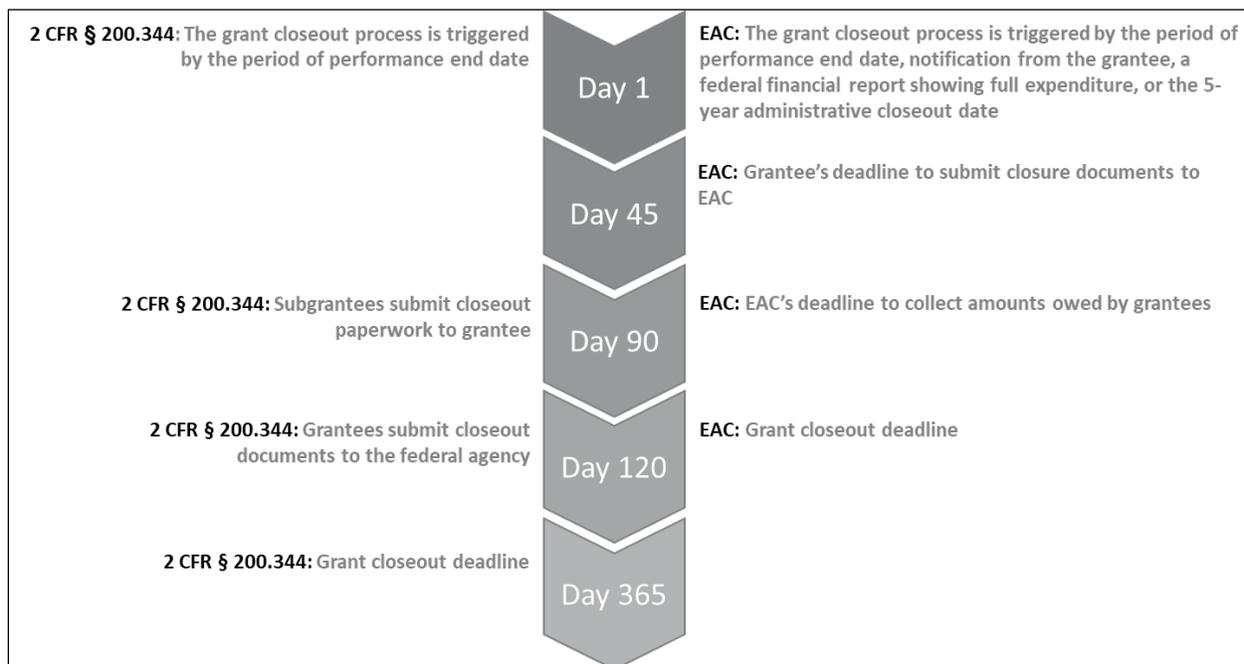
⁵ HAVA Grants Manual, Chapter 13, Section 13.2.

CARES grants, awarded in 2020, followed a slightly different process than Section 101 and 251 grants, because the CARES Act defined a final date of authorized expenditure of December 31, 2020, and a period of performance end date of March 27, 2022.

EAC's Process Compared to CFR

According to EAC, in order to have a timely closeout, EAC follows an ambitious timeline for closeout compared to CFR guidelines.⁶ A comparison of the timelines is shown in Figure 1 below:

Figure 1. CFR and EAC Grant Closeout Timelines



As shown above, EAC has several ways that the closeout process may begin. One way that EAC initiates the grant closeout process is during the review of grantee financial reports. EAC looks at how close the grantee is to full expenditure. If the grantee is getting close to full expenditure, EAC emails the grantee instructions to start getting the grant ready for closeout. EAC may also discover the grant is ready for closeout based on the grantee reporting full expenditures, and EAC will respond back about initiating the closeout process with the grantee. Rather than waiting for the next report due date (semiannually for Section 101 and Section 251 grants), EAC unlocks a quarterly report in GrantSolutions for the grantee to complete as a final report.

We compared EAC's closeout to CFR and found the following differences:

- CFR requires extensions be requested and justified;⁷ however, EAC allows grantee extensions without formal, justified requests.

⁶ 2CFR § 200.344.

⁷ 2 CFR § 200.344(a) states, "The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable."

- CFR states, “If the non-Federal entity does not submit all reports in accordance with this section and the terms and conditions of the Federal Award, the Federal awarding agency must proceed to close out with the information available within one year of the period of performance end date.”⁸ However, our testing found that EAC does not always proceed with closeout when reports are missing. CFR states that EAC must report the grantee’s material failure to comply with the terms of the grant in OMB’s current integrity and performance system (FAPIS) or pursue other enforcement actions.⁹ However, EAC does not have a process to comply with this CFR guidance.

As noted later in the report, these deviations from CFR contributed to delays in the closeout process.

Ten EAC Grants Remain Open Despite Policies Requiring Closeout

Based on the data that we received, two of 54 Section 101 grants (Delaware and Puerto Rico) and three of 55 Section 251 grants (Delaware, Guam, and Puerto Rico) have never been administratively closed out despite being issued as early as 2003—twenty years ago. Additionally, five of 56 CARES grants (Delaware, Indiana, Northern Mariana Islands, Puerto Rico, and Texas) are still open past the closeout due date of March 27, 2023.

Closeout Timeliness

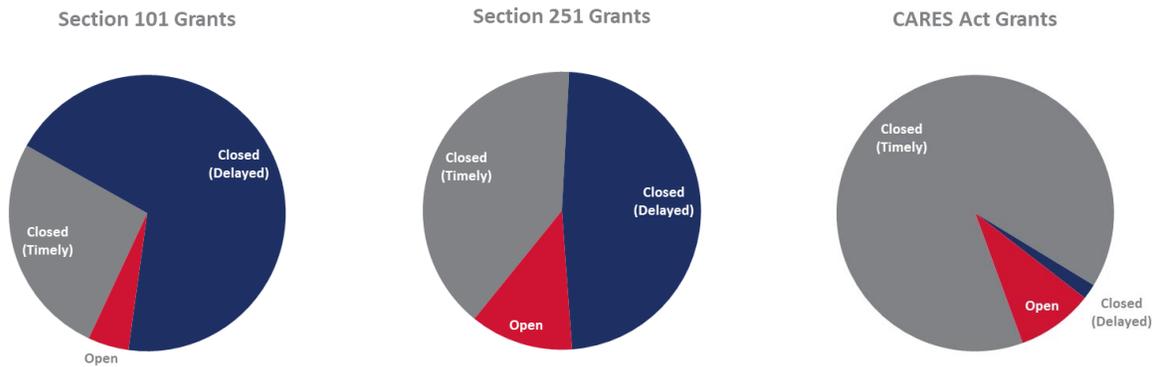
In the administrative closeout process initiated in 2018, EAC administratively closed 52 of 54 eligible Section 101 grants and 52 of 55 eligible Section 251 grants. In this process, EAC identified 40 grants that were eligible for final closeout. Specifically, 28 of the 52 closed out Section 101 grants and 12 of the 52 closed out Section 251 grants were final closeouts. Based on the grantee’s reported last budget period end date, we determined most of these closeouts were not timely. Several grants were awarded as early as 2003, which means some grants may have been ready for closeout for many years prior to the administrative closeout exercise of 2018. EAC re-awarded 24 of the Section 101 grants and 40 of the Section 251 grants as part of the process. This resulted in 26 and 43 open grants, respectively, when accounting for the grants that have never experienced a closeout.

In total, EAC completed timely final closeouts for 11 of 43 eligible Section 101 grants and for 10 of 26 eligible Section 251 grants. For CARES grants, as of May 2023, there are five open grants past due for closeout and one grant (Iowa) that closed 1 year after the period of performance end date for a total of six delayed closeouts out of 56 grants. See Figure 2 below for illustration.

⁸ 2 CFR § 200.344(h).

⁹ 2 CFR § 200.344(i) states, “If the non-Federal entity does not submit all reports in accordance with this section within one year of the period of performance end date, the Federal awarding agency must report the non-Federal entity’s material failure to comply with the terms and conditions of the award with the OMB-designated integrity and performance system (currently FAPIS). Federal awarding agencies may also pursue other enforcement actions per § 200.339.”

Figure 2. Status of Final Grant Closeouts as of May 31, 2023*



*The figure does not include data for one Section 101 grant and one Section 251 grant, for which reliable dates were not available.

EAC implemented a closeout process in 2018 for its grants available until fully expended. Since the administrative closeout of 2018, EAC has completed at least 67 percent of its Section 101 and 251 grant closeouts in a timely manner. In 2020, EAC awarded 56 CARES grants to states and territories. EAC completed 89 percent of its CARES grant closeouts in a timely manner.

EAC Identified Grantee and System Challenges Leading to Delays in Closeout

EAC identified challenges when completing the closeout process. Some of these challenges are related directly to grantee operations, while others are associated with EAC’s internal systems and lack of formal processes for extensions and reporting delinquent grantees.

Grantee Challenges

According to EAC, some challenges with grantee closeout are due to a lack of communication from the grantee and subgrantees, and delays in receiving required reports and documentation from the grantee and subgrantees. For example, prior to a recent OIG audit, and according to EAC, Delaware had been unresponsive to reporting requirements on its Section 101 and Section 251 grants since 2014, when they last submitted a report.¹⁰ Similarly, Guam, Puerto Rico, and the Northern Mariana Islands had trouble providing required reports timely or delayed communication with EAC.

According to EAC, some grantees experience issues with subgrantees lack of responsiveness to the state’s requests for grant closeout documentation. This was the case with Indiana, Iowa, and Texas’s CARES grants when the states were waiting for reports from subgrantees. EAC communicates directly with the states rather than at the subgrantee level, which causes EAC to rely on the state to be proactive and effectively and efficiently move through the closeout.

¹⁰ U.S. Election Assistance Commission, Office of Inspector General, Audit of the Help America Vote Act Grants Awarded to the State of Delaware (G22DE0010-22-06, September 2022).

System Challenges

Some of EAC's noted challenges were internal. Specifically, EAC systems require manual entry and there is no defined date of full expenditure to start the closeout process. These challenges lead to risk of error and delays in closeout.

- **Manual Data Entry and Undefined Dates:** According to EAC, the grants spreadsheet reports auto-generated by GrantSolutions do not have a predetermined column for action date (when EAC starts the closeout process), closeout date, or date when the funds were fully expended. Instead, EAC is manually entering this information into the spreadsheets. The manual entry can allow for an opportunity for error. Additionally, without accurate dates in GrantSolutions it is difficult to determine timeliness of actions. For example, EAC reported Ohio and Virginia's Section 251 grants have been fully expended since sometime in 2019 and should be closing soon. Being unable to define a specific date of full expenditure eliminates the possibility of a closeout timeline, benchmarking timeliness, and eliminating delays.

Despite EAC having determined triggers for starting their closeout process (as shown in Figure 1), EAC, for Sections 101 and 251 grants, uses the reporting period end date to calculate the closeout timeline start date. For example, if a state sends its certification of closure letter on August 30, 2022, with a reporting period end date of September 30, 2022, EAC will count the September 30, 2022, date as the beginning of the closeout timeline, even though the funds were fully expended by, at the latest, August 30, 2022. This gives the state additional time for closeout. Since Sections 101 and 251 grants are available until fully expended, there is no defined period of performance end date to determine, per CFR guidance, the beginning of closeout.

- **Lack of Process for Extensions and Reporting Delinquency:** CFR requires documented justification for extensions and that if information is not received, EAC should proceed to close out the grant with the information available. EAC does not have a formal process for granting extensions to grantees on the closeout process timelines. EAC reported it works with the grantees on a case-by-case basis when it comes to due dates in the grant closeout process. EAC recognizes the grantees may be experiencing internal issues (such as staff turnover and subgrantees being non-responsive) and provides leniency on due dates as long as this leniency "does not trigger the GONE Act."¹¹

Additionally, CFR requires EAC to report a grantee's material failure to comply with closeout or pursue other enforcement actions. According to EAC, there are no formal processes for reporting delinquent or expired grants to FAPIIS. As of the time of our fieldwork, EAC reported that Delaware, Guam, Puerto Rico, and the Northern Mariana Islands were all delinquent in at least one of their grants and could be subject to being reported for material failure to adhere to the terms of their respective grants.

¹¹ EAC refers here to GONE Act Section 2(e)(3)(A) and (B) language: (A) the grant award period of performance, including any extensions, has been expired for more than 2 years; and (B) closeout has not yet occurred in accordance with Section 200.343 of title 2, Code of Federal Regulations, or any successor thereto.

Opportunities Exist to Strengthen Internal Controls and Improve Consistency in the Closeout Process

EAC is undergoing significant system and staffing changes. Based on the results of our assessment, we determined an audit of EAC's grant closeout process was not warranted at this time. However, we include several challenge areas and suggestions intended to strengthen EAC's internal controls and improve consistency in the closeout process. We will continue to monitor this area and may conduct future audit work. The risks related to internal controls and inconsistent practices are detailed below.

Policy and Documentation Challenges

EAC has opportunities to finalize manuals and guidance documents and improve record keeping practices. While EAC has a robust 2023 Grants Manual, the manual is in draft. Additionally, EAC's GrantSolutions user guide is not finalized despite the system being in use. Federal standards state that management should implement control activities through policies, which help determine objectives and related risks for the operational process to be effective. Furthermore, federal standards urge management to periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the agency's objective or addressing related risk.¹²

During the risk assessment, EAC was unable to identify and locate documents that predated their time with EAC, stating the documents were likely in email exchanges predating any of the current EAC staff and not stored in the archived documents. This makes it difficult to determine the effectiveness and efficiency of EAC's closeout processes. For example, EAC was unable to locate Oklahoma's Section 101 certification letter and closeout checklist and final progress report and Louisiana's Section 251 certification letter and closeout checklist.

Errors Identified During Testing

We also identified instances where EAC deviated from their process or were inconsistent amongst states.

- **Final Reports:** For four of the eight sample states, EAC started its closeout process prior to receiving the final reports. However, as detailed earlier in the report, in other instances EAC will not begin closeout without receiving the final reports. For CARES grants in the testing sample, we determined the December 2020 CARES final reports were received and accepted late for three of the four sample states selected. Nevada's report was never received.

We further determined that Oklahoma's final progress report was undated. Rhode Island's final progress report was accepted by EAC while it was incomplete, missing three entries for qualitative data, including whether the state self-assessed the funds were spent in accordance with the state plan.

¹² U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.

- **Interest:** HAVA requires each state to deposit grant funds in an interest-bearing election fund and use the interest earned for allowable grant activities, and EAC includes this requirement on each Notice of Grant Award. However, EAC waived this requirement for 12 CARES Act grantees—including South Carolina—on the basis that there was conflicting guidance on whether this requirement applied to the CARES Act funds,¹³ which had a limited period of availability, and the fact that EAC’s accountants¹⁴ did not have the information they needed to calculate what the interest should have been in order to issue a bill of collection. Meanwhile, the states that earned interest by placing funds into interest-bearing accounts as initially required, such as Iowa and Alaska, had to return to EAC the interest earned that was not spent.
- **Date Discrepancies:** South Carolina’s CARES grant was ready for closeout in December 2020, as determined by reports indicating it had fully expended the grant by the budget period ending in December 2020, yet the state did not finalize its reports, nor did they start its closeout process until 2022. EAC’s review checklist of South Carolina’s CARES grant is dated March 21, 2022, and the final closeout letter is dated March 7, 2022. It is unclear if the checklist date is wrong or if EAC reviewed South Carolina’s closeout documentation after awarding a final closeout letter. Lastly, South Carolina provided an undated inventory listing.

In another instance, Kentucky submitted a final financial report significantly late on November 19, 2020, for the reporting period ending on September 30, 2019. The report has a handwritten signature in the certifying official box with an additional date of December 2, 2020.

- **GONE Act Reporting:** EAC does not provide detail in its Annual Financial Report on why the oldest Sections 101 and 251 grants remain open in accordance with Section 2(a)(1)(D) of the GONE Act.¹⁵ The 2022 Annual Financial Report had a generalized statement for CARES grants pending closeout that states: “In Progress – Closeout is in progress. The state has submitted final reporting and is in the process of completing closeout activities, including submission of certification letter, and return of any unexpended federal funds and interest.”¹⁶ In the 2022 Grant Expenditure Report, there is a generalized statement for 31 of the Section 251 grants that are fully expended and pending closure that states: “Grant has been closed by the EAC or is closing. Federal funds and earned interest are fully expended.”¹⁷

In addition to the identified areas of risk above, the Grants Director position is currently vacant. EAC grants staff all have less than 3 years of experience with EAC. Additionally, EAC began using GrantSolutions in 2022 and has a pending contract to start using a new system by the end of 2023 in place of GrantSolutions. These changes create a level of uncertainty and additional challenges. Without strong policies, guidance, and record keeping, there is a risk that new staff will not have the structures needed to provide consistent guidance to grantees during the closeout process.

¹³ Though EAC’s Notices of Grant Award included an interest requirement, the Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, issued on January 15, 2021, exempted CARES Act funds from the Cash Management Improvement Act of 1990, as amended.

¹⁴ EAC has an interagency agreement with the U.S. Department of the Treasury’s Bureau of Fiscal Services (BFS) for accounting services.

¹⁵ GONE Act Sec. 2(a)(1)(D) states, “for the 30 oldest Federal grant awards of an agency, explains why each Federal grant award has not been closed out.”

¹⁶ 2022 U.S. Election Assistance Commission Annual Report, page 130.

¹⁷ U.S. Election Assistance Commission 2022 Grant Expenditure Report, pages 22 and 23, Table 6 annotations.

Suggestions

As EAC transitions to a new grants management and payment system and completes the impending administrative closeout process, we suggest that EAC:

1. Finalize the Grants Manual and ensure it includes:
 - a. Procedures to begin closeout in accordance with CFR guidance.
 - b. A process for reporting delinquent accounts to FAPIIS.
 - c. An administrative closeout process.
 - d. A process for requesting and approving closeout extensions.
 - e. A process to ensure the closeout information provided to grantees is consistent and timely.
2. Establish a process and timeline for finalizing manuals, policies, user guides, and other process documents.
3. Update the records disposition schedule for the grants program and ensure documents are retained in accordance with federal record retention policies.
4. Include detailed information in EAC's Annual Financial Reports and Grant Expenditure Reports to adhere to GONE Act guidance.
5. During the upcoming grant management system change, identify ways to eliminate the manual entry of dates and data and reliance on email communication.
 - a. Examples:
 - i. Entry box for date of last expenditure.
 - ii. Comments or narratives to record grant/grantee communication in the system of record.

We provided our draft report to EAC officials on September 5, 2023. An evaluation of management comments is not included in this report as there are no formal recommendations. On September 26, 2023, we received their comments, which are included in Appendix B of this report.

Appendix A. Scope and Methodology

Scope

The objectives of this risk assessment were to: (1) gain an understanding of EAC's grant closeout process (both administrative and final), (2) determine the volume of grants that have not been closed out, (3) identify challenges leading to delays in grant closeouts, if any, and (4) determine any areas of risk that warrant an audit or further consideration. Risk assessment fieldwork was conducted from April to August 2023.

The risk assessment scope focused on the EAC OGM's closeout procedures from September 30, 2018, to May 31, 2023. Our risk assessment included HAVA Section 101, Section 251, and CARES grants. The scope did not include Election Security grants as, according to EAC, no Election Security grants have been closed.

Methodology

To answer the risk assessment objectives, we obtained an understanding of the EAC grant policies and procedures, EAC's HAVA and CARES Act grants closeout documents, and federal requirements under 2 CFR § 200.344, and the GONE Act. Additionally, we compared EAC's HAVA and CARES grant closeout instruction language to federal guidance.¹⁸ We also held interviews with current EAC OGM staff to understand the grant closeout process and associated challenges.

We determined the universe of grants closed prior to May 2023 and the timeliness of their closure. We randomly selected two of 54 Section 101 grants, two of 55 Section 251 grants, and four of 50 CARES grants, for a total of eight states for a review of documentation, with at least one from each type of closed grant. Below is the sample selected and criteria of each grant:

- Kentucky: Section 101 grant that completed an administrative closeout in 2018, was re-awarded, and has since closed out.
- Oklahoma: Section 101 grant that was fully expended prior to completing the administrative closeout in 2018.
- Louisiana: Section 251 grant that was fully expended prior to completing the administrative closeout in 2018.
- Rhode Island: Section 251 grant that completed an administrative closeout in 2018, was re-awarded, and has since closed out.
- Alaska and Iowa: CARES grants that returned unexpended dollars and closed out.
- Nevada and South Carolina: CARES grants that were fully expended and closed out.

We requested the closure documents for the sampled states from EAC. We determined timeliness of closeout based on the closeout type:

- **Administrative Closeout:** We assessed the time it took for EAC to complete the administrative closeout process in 2018.

¹⁸ Federal guidance refers to 2 § CFR 200.344 and GONE Act of 2016.

- **Final Closeout:** We assessed the time it took for EAC to complete a final closeout of Sections 101 and 251 grants by calculating the number of days between the budget period end date and the closeout date provided by EAC. For CARES grants, we assessed the time it took for EAC to complete a final closeout by calculating the number of days between March 27, 2022, and the closeout date provided by EAC.

As applicable, we tested the attributes below based on federal guidance and/or EAC's closeout instructions:

- Determine if a complete and correct final federal financial report (FFR) and progress report were submitted prior to the initiation of grant closeout.
- Determine if grant closeout was initiated within 120 days of the grantee submitting a complete and correct final FFR and progress report.
- Determine if the grantee submitted a certification letter of closure pertaining to equipment, supplies, and subawards.
- Compare the final FFR to the grant award to determine if a balance of federal funds and/or interest existed and needed to be returned to EAC, if applicable.
- Determine if EAC emailed the grantee confirming federal expended and unexpended amounts, if applicable, and if EAC sent a collection letter to the grantee for unexpended grant funds, if applicable.
- Confirm the grantee repaid the unexpended grant funds within 30 to 90 days of the date of the collection letter, if applicable.
- Confirm the grantee calculation of the amount of unexpended interest, if applicable, and determine if the grantee emailed EAC confirming the total amount of unexpended interest, the \$500 deduction for administrative costs, and the net amount of interest owed to EAC, if applicable.
- Determine if EAC sent a collection letter to the grantee for unexpended interest, if applicable, and confirm the grantee repaid the net amount of interest owed to EAC, if applicable.

Appendix B. Management Comments



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

TO: Brianna Schletz, Inspector General

FROM: Risa Garza
Interim Grants Director

Risa Garza

DATE: September 26, 2023

RE: Risk Assessment of the U.S. Election Assistance Commission’s Grant Closeout Procedures Report No. 023HQ0046-23-10

The U.S. Election Assistance Commission (EAC) is appreciative to the Office of Inspector General (OIG) for the opportunity to review and respond to the draft report “Risk Assessment of the U.S. Election Assistance Commission’s Grant Closeout Procedures.” The EAC reviewed the results of this report, and we agree with the suggestions made by the OIG. We are implementing several systemic changes that will contribute to an improved closeout process, more reliable internal controls, and better alignment with Federal guidance.

Prior to the OIG’s risk assessment, the EAC was already proactively assessing the administration of all HAVA grants, including grants closeout policies and procedures. The EAC would like to emphasize and expand on the following items noted in the background section of the report.

1. **Grants Administration System** – The EAC is currently transitioning to a new technology solution for grants administration as the previous system did not provide the capability to automate and effectively manage our grant programs. The new grants administration system is being customized to meet the specific needs of our grant programs and is expected to go live on October 1, 2023.
2. **Employee Turnover** – As noted in the Background, our longest tenured personnel dates to 2021. Since then, the EAC has hired four additional Grants Specialists, and we are in the process of replacing the Grants Director who departed in July 2023. The expansion of the grants team has increased our capacity to strengthen grants administration procedures and improve consistency.
3. **Reorganization** – The EAC has restructured the Office of Grants Management to increase overall capacity and ensure continual improvement of grant administration processes. Specifically, the addition of grants staff in the past year and prioritization of both grantee and agency compliance through new functional responsibilities have

provided opportunities to strengthen internal controls and conduct ongoing review of grants policies and procedures.

4. **Knowledge Management** – The EAC has multiple efforts underway to ensure that the grants administration process is not disrupted or negatively impacted by external factors (e.g. employee turnover, changes in federal guidance, etc.). These efforts include the ongoing revision and development of our grants manual, the development of new grants processes and SOPs, and the development of a new grants administration system that will include an auditable record of administrative actions taken on a grant and communications with grantees.

In addition to these items, the EAC plans to implement the following actions in response to the five suggestions provided by the OIG in this report.

Finalize the Grants Manual

The EAC expects our new technology solution for grants administration to increase automation and streamline grants processes procedures. Accordingly, we are updating and revising our grants manual to reflect these changes as they are implemented. Since the new grants system will be in development for six months to a year, the EAC plans to finalize the grants manual by 2025. During that time the EAC will be conducting administrative closeouts for active formula grants, and we are in the process of updating our closeout processes to better align with the Uniform Guidance. The EAC is also developing new closeout guidance for grantees and revising our closeout policies regarding reporting to FAPIIS and approving requests for extensions. These developments will improve the consistency and timeliness of our closeout process and will be documented in the EAC grants manual.

Establish a Process for Finalizing Grants Policies and Guidance

Although recent staffing and administrative changes in the EAC Office of Grants Management have created significant challenges to the development of strong grants policies and procedures, the EAC is committed to continual improvement of our grants administration. As part of the update to our grants manual, the EAC will develop a process and timeline for revising and approving grants policies, grantee guidance, SOPs, and administrative procedures. New functional responsibilities for grants staff will also allow the EAC to strengthen internal controls and ensure continuous improvement of grants administration.

Update the Records Disposition Schedule in Accordance with Federal Regulations

The EAC has previously identified issues with grants record retention due to a lack of a comprehensive grants administration system and reliance on email communication with grantees to record administrative actions. The EAC recently onboarded a Records Management Specialist that is working to update Agency-wide records schedules and will work with the Office of Grants Management to update grants-specific schedules. The EAC will update our grants manual to include a records management policy that will provide a records retention and disposition schedule in line with Federal regulations and updated EAC schedules.

Include GONE Act Information in the EAC Annual Report and Grants Expenditure Report

Beginning with the 2023 Annual Report and 2023 Annual Grants Expenditure Report, the EAC will include an explanation for our oldest and expired grants that remain open in adherence with the GONE Act.

Eliminate Manual Data Entry and Reliance on Email Communication

As previously stated, the EAC's development of GLAS to replace GrantSolutions as our system of grants records will ensure timestamped and auditable records of grant actions and communications with grantees. The EAC has already worked with developers to provide an entry box for the date of last expenditure for formula grants that are available until fully expended. We expect the GLAS messaging function for recording grantee communication and notes on grant activities to be released by early 2024.



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