



U.S. ELECTION ASSISTANCE COMMISSION

AGENCY FINANCIAL REPORT

November 19, 2019

ABOUT THIS REPORT

For FY 2019 reporting purposes, the U.S. Election Assistance Commission (EAC) has again elected to submit an Agency Financial Report (AFR), with an Annual Performance Report along with the Congressional Budget Justification. The reports are targeted to the Office of Management and Budget (OMB), Congress, and the Public, respectively. The AFR allows EAC to focus on and lay out its financial position at this time, providing summary performance data. A combined Annual Performance Report/Congressional Budget Justification will follow per guidance in OMB Circulars A-11, *Preparation, Submission, and Execution of the Budget* and A-136, *Financial Reporting Requirements*.

Information about EAC's programs is available at www.EAC.gov.



November 19, 2019

I. MESSAGE FROM THE CHAIRWOMAN

The U.S. Election Assistance Commission (EAC) is an independent bipartisan agency established by Congress “to assist in the effective administration of Federal elections.” This Fiscal Year (FY) 2019 Agency Financial Report describes the Commission’s accomplishments, financial activity, and ongoing efforts to strengthen internal controls and financial management.

This is the twelfth year that the EAC has undergone a financial statement audit per the Accountability of Tax Dollars Act of 2002. It is the eleventh year that the EAC has chosen the option available in the Office of Management and Budget Circular A-136, Financial Report Requirements to submit an Agency Financial Report and Annual Performance Report instead of the Performance and Accountability Report. The EAC presents summarized performance data in this report and will provide more detailed data in conjunction with the FY 2021 Congressional Budget Justification.

When the Help American Vote Act (HAVA) was signed into law on October 29, 2002, it established sweeping reforms to the nation’s voting process, including creation of the Voluntary Voting System Guidelines (VVSG), establishment of a national voting system certification program, and the formation of the EAC to serve as the nation’s only federal agency solely focused on election administration. Since its inception, the EAC has:

- Issued 62 voting system certifications, including 10 full systems and 52 system modifications.
- Conducted election system manufacturing facility audits, quality assurance audits of voting system manufacturers, and formal and informal investigations of voting systems in the field;
- Accredited and monitored voting system test laboratories;
- Drafted and approved two versions of the VVSG and, are near ready for a Commission vote to adopt the next generation of testable voting system requirements that will inspire innovation and result in cost savings;
- Awarded, monitored, and audited state HAVA grants totaling nearly \$3.7 billion for election administration and voting system modernization, including \$380 million allocated by Congress in March 2018;
- Administered discretionary grant programs for mock election and college poll worker programs, accessibility innovations, military voting projects, and logic and accuracy testing;

- Created, administered, and reported the biennial Election Administration and Voting Survey (EAVS) for all federal elections, issuing reports and data sets for each survey year;
- Created and maintained a clearinghouse for election information including a dynamic website, robust video catalog, best practices guides, original research products, and social media engagement campaigns.
- Convened state and local election officials, federal government experts, academic leaders, and voter advocates for a series of roundtables, webinars and summits on a variety of timely topics, such as election security, accessibility and efficiency.

The EAC's FY 2019 activities were largely guided by its new strategic plan, which was formally adopted in February 2018. The strategic plan guides the Commission's activities through 2022. The plan focuses on four primary goals: analyze, build, distribute, and operate, which correspond with the agency's mission set forth in HAVA. Below is a summary of the Commission's key activities and accomplishments during FY 2019.

II. DISTIRBUTING HAVA GRANTS

Last year, Members of Congress provided critical financial support to the states and territories through the EAC. Congress also factored the Commission's up-front grant administration costs into the Consolidated Appropriations Act of 2018, which appropriated \$380 million in HAVA Funds to improve the administration of Federal elections. Within three months of the appropriation, the EAC received disbursement requests for 100% of the funds from all 55 eligible states and territories, and approximately seven months prior to the 2018 Midterm Elections, the EAC made these funds available for draw down.

Throughout the disbursement process, approximately 60 percent of states reached out to the EAC for assistance with at least one issue related to the new appropriations, including allowable costs, policy questions, pre-approval requests, and the state appropriation process. The EAC's Grant team also proactively reached out to states to provide guidance. All states received pre- award notices, budget and narrative guidance, access to EAC webinars, phone and email consultations, and an EAC review of budgets and plans.

As the HAVA grant funds were the first appropriations disbursed since FY 2010, many of the state-level contacts were unfamiliar with the process and met a knowledge gap that the EAC's team ably addressed. States were provided the opportunity to seek clarification, ensuring their plans contained only expenses allowable under Title 1 Section 101 of HAVA. The EAC's Grant team also responded to inquiries and reviewed proposals.

In April 2019, the EAC released its first expenditure report detailing the impact of the 2018 HAVA funds. State plans and expenditure report indicates that most states are spending these funds on items that directly improve election security. In fact, at least 90% of the funds have been devoted to technological and cybersecurity improvements, the purchase of new voting equipment, and improvements to voter registration systems. Based on more recent conversations with states, the EAC projects that 85% of the FY 2018 money will be spent throughout to 2019. States have until the end of FY 2023 to spend the funds. The EAC's Grants team continues to work closely with

states regarding these funds and have ongoing administrative responsibilities related to the funds through the conclusion of the five-year spending timeline.

III. STRENGTHENING ELECTION SECURITY AND VOTER CONFIDENCE

Election security is a theme that continues to shape the national conversation about election administration, especially as we look ahead to the 2020 presidential election. Federal law enforcement and intelligence officials regularly remind us that the threats election administrators faced in 2016 and 2018 remain today and are likely to intensify in the months and years ahead.

The EAC understands that voter confidence enhances, as we adequately prepare for and respond to challenges such as: election misinformation campaigns, persistent attempts to breach election systems, attempts to breach voting registration databases, and other emerging threats.

The EAC is pleased to report that election officials across the nation successfully navigated these challenges in 2018, and they are even better prepared to handle these issues today. This not only reflects election officials' unwavering commitment to secure elections, but it is also a product of improved relationships between state and local election administrators and the federal agencies that serve them.

As the agency best positioned to communicate directly with election officials across the country, the EAC played an early and leading role in establishing trust and open lines of communications between state and local leaders and the federal government entities that work on election security. The EAC drove the development of the election security working group that eventually became the subsector's Government Coordinating Council (GCC), for which the EAC Chairwoman, serves on the council's executive board. In addition to the EAC's work with the Department of Homeland Security (DHS) to establish the GCC, the Commission played an integral role in establishing the Sector Coordinating Council (SCC) comprised of private election equipment manufacturers and vendors.

Beyond the GCC and SCC, the Commission takes a multifaceted approach to helping state and local election officials strengthen their election security. This work includes testing and Federally certifying voting systems, providing hands-on security and post-election audit training across the country, producing security-focused resources, disseminating security best practice information and checklists to state and local election officials, as well as hosting widely attended forums that feature security experts as speakers.

For example, ahead of the 2018 election, the EAC:

- Distributed urgent security alerts and threat indicators from the DHS and the Federal Bureau of Investigation (FBI) to states and territories to help protect election systems from specific cybersecurity threats.
- Met on multiple occasions with staff from the DHS, the FBI, the Office of National Counterintelligence and Security Center in the ODNI, and the White House to discuss specific and nonspecific threats, state and local election system security and protocols, and the dynamics of the election system and its 8,000 plus jurisdictions nationwide.
- Served as the federal government's primary communication channel to provide real-time cybersecurity information to election officials around the country. This information

included current data on cyber threats, tactics for protecting election systems against these threats, and the availability and value of DHS resources for protecting cyber-assets.

- Participated in and convened conference calls with federal officials, Secretaries of State and other State Chief Election Officials, local election administration officials, federal law enforcement, and federal agency personnel to discuss the prospect of designating elections as part of the nation's critical infrastructure. These discussions focused on topics such as coordinating security flashes from the FBI, the implications of a critical infrastructure designation, education on the nation's election system, and the dynamics of successfully communicating information to every level of election officials responsible for running the nation's election system.
- Provided DHS with perspective, information, and data related to the election system, introductions to officials in the election community, and information that assisted the agency with shaping communications in a manner that would be useful to the states and local election officials.
- Published a white paper entitled "U.S. Election Systems as Critical Infrastructure" that provided a basic understanding of critical infrastructure for election officials.
- Contributed to multiple foundational DHS documents used to structure the Elections Systems Critical Infrastructure designation and sector.

Ahead of the 2018 Midterm Election, the EAC also focused on steps our Commission could take to further serve election officials operating in the new threat environment. The EAC brought together election officials, security officials, academics, and federal government partners for an Election 2018 kick-off summit at the National Press Club in January 2018. Just one month ahead of the midterm election in October 2018, the EAC gathered a similar audience in the Capitol Visitors Center for an election readiness summit that featured, among others, Senators Blunt and Klobuchar, as well as high-level officials from DHS and the National Counterintelligence and Security Center. These events and others like them throughout FY 2019 highlighted the importance of election officials' security preparations and the significance of resource availability to help states and localities with this critical work.

While discussion about election security is important, the EAC also knows the value of training. EAC staff was intricately involved in the establishment of Harvard University's Belfer Center Table Top Exercises, which have since been conducted across the country. During the past year, the EAC has presented its "Election Official as IT Manager" training to officials from hundreds of election jurisdictions across the country, and worked with DHS to put this training online through the FedVTE platform so that many more election officials can easily access it.

The EAC also produced a video and other supporting material to assist local election officials with explaining the many levels of election security to stakeholders in their jurisdiction. The video was designed for civic group meetings and election worker trainings and can be customized with some states tailoring the video for their voters and processes. The EAC plans further work in this regard. EAC Commissioners continuously meet with state and local election officials at regional conferences across the country to inform of best practices, promote resources available through the EAC and federal partners, such as the United States Postal Service, the Department of Defense's Federal Voting Assistance Program (FVAP), and the DHS. These visits also allow for discussion

about current concerns and topics in election administration, such as contingency planning, accessibility, voter registration, and technology management.

On Election Day 2018, the EAC's newly hired Chief Information Officer and head of the Testing and Certification Program were on site with other federal agencies and key election stakeholders at the National Cybersecurity & Communications Integration Center (NCCIC). The EAC successfully communicating information to every level of election officials responsible for running the nation's election system.

IV. TESTING AND CERTIFICATION

As states seek to invest in the purchase of new voting equipment, election leaders are continuing to turn to the EAC's Testing and Certification Program as a key resource in ensuring the nation's voting systems are tested to confirm the secure and accurate tabulation of ballots. This includes seeking information about how best to develop Requests for Proposals, information on the systems currently certified, and implementation of the next iteration of the Voluntary Voting System Guidelines, which will be known as VVSG 2.0.

Historically, the VVSG consists of Principles, Guidelines and Requirements against which voting systems are tested to determine if the systems meet required standards. The EAC's goal is to bring technological gains in security and other factors to the voters. Some additional factors examined under these tests include functionality, accessibility, accuracy, and auditability. HAVA mandates that EAC develop and maintain these requirements, as well as test and certify voting systems. These guidelines are voluntary, and states may decide to adopt them entirely or in part.

Last year, the EAC's Technical Guidelines Development Committee (TGDC), as well as, the EAC's Board of Advisors and Standards Board, recommended adoption of the proposed VVSG 2.0 Guidelines and Principles. Unfortunately, when one of the Commissioners left the EAC, the Commission lost its quorum and was unable to vote to adopt new guidelines. Earlier this year, the Senate confirmed two new EAC Commissioners. In February 2019, after Commissioner Palmer and Commissioner Hovland were confirmed, the EAC's first official act was to unanimously vote to publish the VVSG 2.0 Principles and Guidelines in the Federal Register for a 90-day public comment period that concluded in June. In addition, the EAC held public hearings to gather feedback on the proposed principles and guidelines. The first public hearing took place on April 10 in Memphis, Tennessee and the second public meeting occurred in Salt Lake City, Utah on April 23. On May 20, the third hearing was held at the EAC main office in Silver Spring, Maryland. In addition, the EAC hosted a series of teleconferences focused on various aspects of the proposed technical guidelines. Following these events, the TGDC convened in Silver Spring on September 19-20 to review the VVSG 2.0's technical requirements and a vote is expected in the current fiscal year.

V. CHAMPIONING ELECTION ADMINISTRATION RESEARCH & BEST PRACTICES

a) EAVS

On June 26, the EAC released its 2018 Election Administration and Voting Survey (EAVS), the most comprehensive source of state and local jurisdiction level data about election administration

in the United States. This HAVA mandated report has improved over the years to enhance the survey's data quality and completeness, making it more accessible and useful to the election community. For the administration of the 2018 survey, the EAC took multiple steps to strengthen the EAVS. For example, EAVS Section F questions on voting equipment makes and models were redesigned, resulting in substantially improved data quality. The Policy Survey replaced the statutory overview. The Policy Survey is a closed-ended data collection tool that provides better context for understanding the EAVS data and makes it easier to interpret the results. The EAC also introduced new questions within the Policy Survey relevant to the functionality of statewide voter registration databases, online voter registration, election failsafe mechanisms, and post- election auditing.

The 2018 EAVS report and accompanying data was released in conjunction with the 2019 Election Data Summit on Capitol Hill. The day-long Summit featured panel discussions on data outcomes from the newly released biennial EAVS comprehensive report, as well as; panel conversations on issues such as how data can be used to address election security, improve voter registration, modernize election management systems, and enact best practices for serving voters covered under the Uniformed and Overseas Citizens Absentee Voting (UOCAVA) Act.

b) Disaster Preparedness and Recovery

The EAVS survey and other EAC research inform the agency's efforts to improve the security, accessibility and efficiency of federal elections across the nation. In FY 2019, the EAC launched an initiative to assist election administrators with disaster preparedness and recovery. Natural and man-made disasters have the potential to impede election administration by destroying infrastructure, displacing voters, and revealing system vulnerabilities to security threats. Recent catastrophic hurricanes, wildfires, floods, volcanic eruptions, terrorist attacks and other disasters have unfortunately made election stabilization and recovery a timely topic for election officials across the country.

When a disaster strikes close to Election Day, election administrators must ensure that elections are still conducted, often without any budgetary or scheduling adjustments. In FY 2019, the EAC traveled to Florida and Puerto Rico to conduct research and record interviews with election officials that faced devastating natural disasters in 2018. The trips resulted in a series of videos detailing how these jurisdictions prepared for the storms, responded during the aftermath, and the lessons they learned.

Building on this research, in April 2019, the EAC held its inaugural meeting of a newly-formed Disaster Preparedness and Recovery Working Group. Members of this group gathered for an information sharing exercise that will help inform future outreach to federal agencies and lay the foundation for future EAC products designed to assist election officials facing disasters. In addition to the working group, during annual meetings this spring, the EAC's Board of Advisors and Standards Board each formed committees focused on this important work.

c) Accessibility for Voters with Disabilities

As it works to fulfill HAVA's promise to provide each voter with the opportunity to cast their ballot privately and independently, the EAC continues to actively engage voters with disabilities

and advocacy groups focused on accessibility. For example, on July 21, just days ahead of the 29th anniversary of the Americans with Disabilities Act, the EAC's four Commissioners met with members of the National Council on Independent Living (NCIL) for a pre-conference session on accessibility and security in the voting process. Commissioners also heard from attendees about a variety of other election access needs for voters with disabilities.

NCIL is a national cross-disability and grassroots organization representing thousands of individuals with disabilities and the independent living centers that serve them. At the session, Commissioners led a dialogue on the voting rights of people with disabilities, discussed how to ensure security measures do not infringe on those rights and received invaluable feedback. The 90-minute session was composed of two segments, including a discussion on disability and security in the voting process and a town hall focused on attendees' voting experiences.

d) Language Accessibility

According to U.S. Census Bureau, there are nearly 26 million people in the U.S with limited English proficiency and more than 66 million who speak a language other than English at home. Such individuals can face challenges when attempting to register to vote and cast a ballot. From translated materials to bilingual assistance at the polls, election officials across the country take a number of steps to help these voters overcome language barriers and participate meaningfully in the elections process. In 2016, this type of assistance was required through language provisions in the Voting Rights Act (VRA) in 263 jurisdictions and 3 states across the country.

The EAC continues to support language accessibility in elections and has done so since its inception in 2002. This includes creating glossaries and phrase books of common election terminology, providing Help America Vote Act funds to states to improve language accessibility, offering the National Mail Voter Registration Form in 15 languages and in FY 2019, creating a braille translation of the form's content. In addition, in April 2019, the EAC released a Clearinghouse Brief on Language Accessibility that aggregated existing resources on language accessibility. The brief aims to help election officials and other election stakeholders, better understand VRA's language assistance requirements and enhance current approaches to serving voters with language needs.

The EAC continues to augment its language accessibility resources as election officials prepare for the 2020 Presidential Elections and beyond.

e) Voter Registration

In FY 2019, the EAC carried out a robust campaign in support of National Voter Registration Day. The EAC proudly partners with the National Voter Registration Day team to urge all eligible voters to register to vote or verify the accuracy of their existing registration. In July, the EAC's #PlanToVote effort kicked off as the EAC's four Commissioners issued a joint resolution in support of National Voter Registration Day. Throughout September, as the Commission's #PlanToVote campaign was in full swing, EAC Chairwoman Christy McCormick used the EAC's blog capacity to remind Americans to register to vote and to keep their promise to participate in democracy. EAC Vice Chair Ben Hovland later spotlighted ways that Americans from coast to coast can participate in National Voter Registration Day events. These pieces complemented a

sustained social media campaign and participation in National Voter Registration Day events on September 24th.

f) Enhanced Website

In anticipation of the 2020 Presidential Election, the EAC updated its website to provide users with an enhanced experience. The new homepage approach allows visitors to self-select their perspective and area of interests to enrich their online experience and more readily access the EAC's large online clearinghouse.

g) Clearinghouse Awards

In February 2019, the EAC announced the winners of our 2018 Clearinghouse Awards for Best Practices in Election Administration. The awards, also known as the Clearies, provide election offices across America an opportunity to share their innovative efforts and election administration successes. The Clearies play an important role in furthering the EAC's responsibilities under the Help America Vote Act of 2002 (HAVA), to serve as a clearinghouse for election administration information.

The entries offer great insight and exemplify the can-do spirit of election officials. Following a very competitive vote, the EAC announced 10 award recipients. Clearie recipients were from a wide range of populous, from a city of 3,500 to a state with more than three million registered voters. The EAC shares Clearie recipients' results so that other jurisdictions might replicate or build upon their efforts.

The winners in the outstanding innovations category addressed important election administration issues, such as cybersecurity training for local officials, overall efforts to effectively operate election offices, programs to extend accessible absentee ballots to underrepresented populations and ways to harness off-the-shelf technology in supporting Election Day operations. In the accessibility for voters with disabilities category, Clearies' winners showcased their efforts to train poll workers to better serve the needs of voters with disabilities, exhibited a coordinated effort for helping veterans and individuals with disabilities, and demonstrated video outreach to assist people who are hearing impaired.

Finally, the election worker competition highlighted great results with using high school students as poll workers, efforts to modernize training initiatives, and connecting veterans and students to serve at the polls.

From advancing cybersecurity training at the local level or helping veterans with disabilities in the elections process, the 2018 EAC Clearinghouse Awards were a testament to election officials' leadership efforts across the U.S. The EAC continues to highlight the Clearie winners through blogs and additional outreach.

With the restoration of a quorum in FY 2019, the EAC looks ahead to the next fiscal year. It plans to build on the success of the previous fiscal year and continues to seek direction from its strategic plan. Heading into the 2020 Presidential Election, the Commission will focus on its four primary goals - analyze, build, distribute, and operate – and continuing search for ways to improve services for election officials and the voters they serve.

Over the years, the EAC's Inspector General has conducted operational audits and investigations of the agency. The vast majority of recommendations made in the internal audits have been implemented by the EAC. The financial and performance data in this report is reliable and complete, with no material internal control weaknesses. The Commission provides an unqualified statement of assurance that the agency's internal control and financial management system meets the Federal Managers' Financial Integrity Act.

The EAC stands ready to continue assisting state and local election officials to help America vote.

Sincerely,

A handwritten signature in blue ink that reads "Christy A. McCormick". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Christy A. McCormick

Chairwoman

U.S. Election Assistance Commission

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SECTION I

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is presented in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) 15. The MD&A is intended to provide a clear and concise description of the agency's mission and organizational structure; high-level discussion of key performance goals, results and measures; analysis of financial statements, systems, controls, and legal compliance; and actions taken or planned to address issues. It provides a balanced analytical assessment, with both positive and negative information, of key program and financial performance. The MD&A is a vehicle for communicating insights about the agency, its operations, programs, successes, challenges and future outlook. Contents of this report and the MD&A are in conformance with Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*.

I.A. BACKGROUND, VISION, MISSION AND ORGANIZATIONAL STRUCTURE

In October 2002, Congress passed the Help America Vote Act (HAVA) of 2002. The law recognized the need for states to invest in their election infrastructure. The Act set out comprehensive programs of funding, voluntary guidance, and research. To foster those programs and to promote and enhance voting for United States citizens, HAVA established the Election Assistance Commission (EAC). In passing the EAC's 2018-2022 Strategic Plan, the EAC framed the mission and vision of the agency set out in its chartering legislation with the following.

EAC Mission Statement:

The U.S. Election Assistance Commission helps election officials improve the administration of elections and helps Americans participate in the voting process.

EAC Vision Statement:

A trusted, proactive, and responsive federal agency that helps election officials administer and voters participate in elections.

The EAC is an independent, bipartisan agency. By statute, four full-time Commissioners, appointed by the President and confirmed by the U.S. Senate, and three Federal advisory committees -- the Standards Board, Board of Advisors, and Technical Guidelines Development Committee -- guide the EAC. Currently, there are four Commissioners. The EAC is statutorily charged with:

- adopting voluntary voting system guidelines available for use by the states,
- accrediting voting system testing laboratories and certifying voting systems,
- developing guidance for state and local election officials to meet HAVA requirements,
- serving as a national clearinghouse of information on election administration, including tools and best practices,

- maintaining the National Mail Voter Registration Form, developed in accordance with the National Voter Registration Act (NVRA) of 1993,
- promoting accessibility for voters with disabilities,
- providing grantees with technical assistance on use of payments and grant funds, and
- auditing the use of HAVA funds.

The Standards Board and the Board of Advisors provide advice and guidance to EAC on the Voluntary Voting System Guidelines (VVSG) and other election administration issues. HAVA established the Technical Guidelines Development Committee (TGDC) to assist EAC in the preparation of the VVSG. The VVSG sets the standards against which voting systems are tested.

The Director of the National Institute of Standards and Technology (NIST) of the U.S. Department of Commerce serves as the Chair of the TGDC, and provides technical support to the Committee. Additionally, HAVA specifies that NIST provide recommendations to EAC regarding voting system test laboratories. Since Fiscal Year (FY) 2004, EAC's annual appropriations have included a total to date of \$39.4 million for NIST support.

In Fiscal Years 2003 and 2004, Congress appropriated nearly \$3 billion in Federal financial assistance for payments to states under Titles I and II of HAVA. States received the funds to upgrade their voting systems, establish statewide voter registration databases, train election officials, and educate voters. In Fiscal Year 2003, the General Services Administration (GSA) distributed \$649.5 million in HAVA funds to the fifty states, Guam, Puerto Rico, the U.S. Virgin Islands, American Samoa and the District of Columbia on the EAC's behalf. The funds were distributed for activities to improve the administration of elections (HAVA Section 101) and to replace punch card and lever voting machines (Section 102).

The Senate confirmed four Commissioners in December 2003, and EAC began operations in January 2004. The Agency's Fiscal Year 2004 operating budget was \$1.7 million. At the close of the fiscal year, the EAC had a staff of 18. The EAC's focus in 2004 was to assemble staff, obtain office space, arrange for administrative support from the GSA, establish a website, start election administration clearinghouse operations, and distribute Federal financial assistance to the states.

In FY 2004, EAC also appointed a statutorily-required General Counsel. During Fiscal Year 2005, EAC appointed its other statutorily-required positions: the Executive Director, and an interim Inspector General. EAC's focus in subsequent years was on upgrading the VVSG, completing required research to promote effective Federal elections and present key data on election practices and voting, instituting a voting system testing and certification program, auditing state use of HAVA funds, and providing information on improving elections to its stakeholders.

In FY 2007, Congress recognized the expanding Agency responsibilities and lifted the full-time equivalent staffing ceiling of 24. As of the end of FY 2018, the EAC had 23 full-time and three part-time staff. Since its inception, EAC has received \$2,606,150,000 in requirements payments; and \$24,350,000 in discretionary grant funds for Poll Workers, Mock Elections, Election Data Collection, Voting Technology Improvement Research and Equipment, and Pre-Election Logic and Accuracy Testing and Post-Election Verification. EAC also tracks and provides technical assistance on the Section 101 funds to improve the administration of Federal election which is reported by the states. The time period for using the Section 102 punch card/lever replacement funds expired, and EAC

collected all unused funds by the end of FY 2018. In FY 2018, Congress appropriated \$380 million in formula grants for improvement of federal elections.

In FY 2015, the Senate confirmed three Commissioners appointed by the President. In FY 2018, there were two Commissioner vacancies.

In FY 2019, the Senate confirmed two Commissioners appointed by the President. The Commission currently has a full quorum of Commissioners.

Election Assistance Commission
FY 2019 Agency Financial Report

FUNDING

EAC Appropriation History Fiscal Years 2003 - 2019
(Dollars in Thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Section 101 and 102	649,500																	649,500
Administrative Expenses	500																	500
Subtotal 101, 102	650,000																	650,000
Election Reform Program Grants																		
Requirements Payments	830,000	¹ 1,491,150				115,000	100,000	70,000									1,025,184	3,631,334
Poll Worker Grants	1,500																	1,500
Foundation	1,500																	1,500
Voting Technology Research							5,000	3,000										8,000
Testing & Verification							1,000	2,000										3,000
Election Security Grants																380,000		380,000
Subtotal, Election Reform	833,000	1,491,150				115,000	106,000	75,000								380,000		3,000,150
Election Data Collection Grants																		
Subtotal, Data Collection						10,000												10,000
EAC Salaries & Expenses (S&E)																		
Operations	2,000	1,674	² 11,110	10,986	11,313	12,330	12,909	13,409	13,024	8,750	8,292	8,100	8,100	8,100	8,200	8,600	7,950	154,847
Mock Election Grants						200	300	300										800
Poll Worker Grants				300		750	750	750										2,550
Transfer to NIST			2,778	2,772	4,950	3,250	4,000	3,500	3,243	2,750	2,745	1,900	1,900	1,500	1,400	1,500	1,250	39,438
Subtotal, S&E	2,000	1,674	13,888	14,058	16,263	16,530	17,959	17,959	16,267	11,500	11,037	10,000	10,000	9,600	9,600	10,100	9,200	197,635
TOTAL	1,485,000	1,492,824	13,888	14,058	16,263	141,530	123,959	92,959	16,267	11,500	11,037	10,000	10,000	9,600	9,600	390,100	9,200	3,857,785

1/ Carried forward to FY 2005

2/ Includes \$481,092 transferred from the Federal Election Commission

Status of Help America Vote Act Authorization versus Appropriations				
(in whole dollars)				
	Authorized		Appropriated FYs 2003-2019	Remaining
GSA (FY 2003)				
Election Administration Improvement (Section 101)	\$ 324,750,000		\$ 324,750,000	\$ -
Punch Card/Lever Machine Replacement (Section 102)	324,750,000		324,750,000	-
Administrative Expenses for 101 and 102	500,000		500,000	-
EAC (FY 2003 – 2016)				
Requirements Payments (Section 251)	3,000,000,000	**	2,607,175,184	392,824,816
Voting Technology Improvement Research Grants (Section 271)	20,000,000		8,000,000	12,000,000
Equipment and Technology Testing Pilot Program (Section 281)	10,000,000		-	10,000,000
Pre-Election Logic and Accuracy Testing & Post-Election Verification	3,000,000	1,4	3,000,000	-
Operations (Section 210)	188,435,000	2,4	188,435,000	-
Election Data Collection Grants	10,000,000	3	10,000,000	-
Election Security Grants	380,000,000	4	380,000,000	-
National Student and Parent Mock Election Organization (Section 295)	200,000	**	-	200,000.00
Poll Worker Grants (Section 501)	5,000,000	**	1,500,000	3,500,000.00
Help America Vote Foundation (Section 601)	5,000,000	**	1,500,000	3,500,000.00
Total	\$4,271,635,000		\$3,848,585,000	\$423,050,000

1/ Authorized by P.L. 111-8

2/ \$30 million per HAVA, balance per appropriations. Includes \$2.55 million Poll Worker grants and \$800,000 Mock Election Grants

3/ Authorized by P.L. 110-161

4/ Authorized by appropriations

**Plus such sums as may be necessary in succeeding years

Note: excludes \$140 million plus such sums authorized for HHS under Disability Access Section 261 and Participation Section 291, \$15 million appropriated to GSA in FY 2003 for Title I, and \$5 million plus such sums for the Help America Vote Foundation Section 601

Organization by Program

EAC has organized its offices around the mandates of HAVA. Below are brief descriptions of the four offices responsible for implementing the Strategic Plan programmatic goals. Following the descriptions is EAC's organization chart.

Communication

Communications staff is responsible for external communications, and the tools and platforms used to provide information to election officials and the general public. Areas of responsibility include:

- the EAC Website and Clearinghouse,
- social media,
- media inquiries,
- external communications,
- Congressional relations,
- the Freedom of Information Act, and
- editorial support including press releases, speeches, and Congressional testimony.

The agency's website, www.EAC.gov, is the primary communications tool. EAC.gov contains thousands of documents and information about voting systems, informational videos, research, data, and program-related information. It also features on-demand webcasts and related information from public meetings, hearings, summits, and roundtables.

The website features a user-driven notification system, allowing visitors to customize how they receive information. Users sign up for daily or weekly automatic e-mail alerts on a variety of election topics and events, including public meetings, advisory board meetings, reports, policies, and other agency news.

Payments and Grants Management

The Payments and Grants Management Division:

- provides technical assistance to the states on administering Federal funds,
- processes and disburses payments to the states,
- tracks the submission of and reviews the content of financial and performance reports submitted by states,
- analyzes audit reports and works with fund recipients on recommendations to resolve audit findings applicable to EAC's programs,
- reviews amended State Plan submissions on the use of Requirements Payments funds so states can comply with HAVA Title III, *Uniform and Nondiscriminatory Election Technology and Administration Requirements*, and
- drafts advisory opinions for Commission approval and issuance.

Research

The Research Division:

- administers the biennial Election Administration and Voting Survey (EAVS) to 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico and the Virgin Islands (the states). The survey produces data and reports mandated by HAVA. Topics include the impact of the National Voter Registration Act of 1993, and the impact of the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA) on military and overseas voters' participation in Federal elections. EAVS is the only comprehensive collection and report of data on elections in the United States,
- conducts research on election administration topics as mandated by Congress and at the discretion of the Commission. Research has included administering elections in urban and rural areas; the feasibility and advisability of establishing free absentee ballot return postage; the feasibility of alternative voting methods; and the voting experiences of first-time voters who register to vote by mail,
- manages the National Mail Voter Registration Form as prescribed by the National Voter Registration Act of 1993 (NVRA), also known as "Motor Voter,"
- administers the Election Management Guidelines Program to assist state and local election officials with conducting secure, efficient, accurate, and accessible elections. The educational materials provide information and "Quick Tips" on topics such as: Employing Poll Workers, Polling Place Management, Voting Accessibility, Communicating with the Public, Contingency Planning, Managing Change in an Election Office, Serving UOCAVA voters, and Developing an Audit Trail for the verification of votes,
- manages the Language Accessibility Program that provides informational materials on the Federal election process, glossaries of election terminology in English and other languages, and translates the National Mail Voter Registration Form into languages other than English, and
- provides materials to voters and election administration officials to facilitate successful participation in Federal elections.

Voting System Testing and Certification

Under the Help America Vote Act, the EAC is responsible for assisting states with improvements to voting systems through the distribution of Federal funds. The EAC accredits voting system test laboratories and certifies voting equipment. Participation by states in the certification program is voluntary. Throughout the certification process, test plans, test reports, and reports on voting system anomalies in the field are provided to election officials. Staff works with the National Institute of Standards and Technology (NIST) to evaluate and accredit voting system test laboratories, and on management of the voting system certification process.

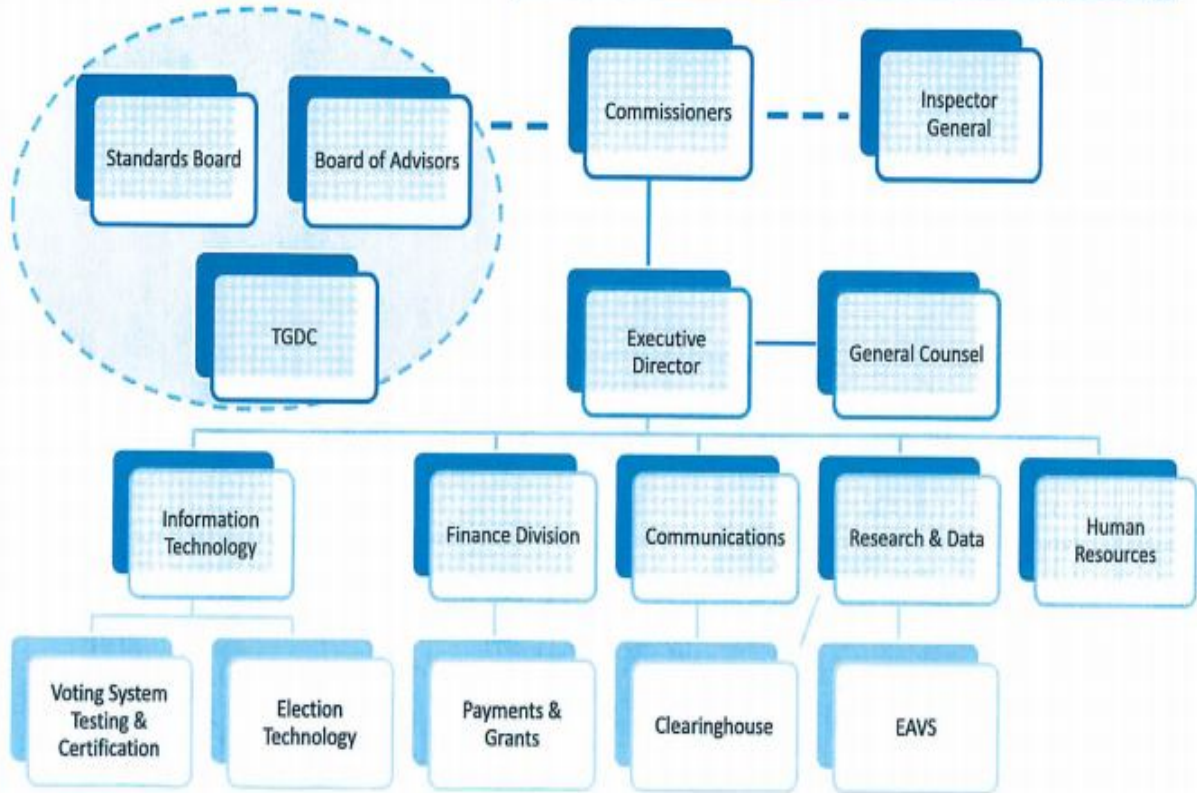
The Testing and Certification (T&C) Division:

- assists states with voluntary certification of voting systems,
- supports local elections officials in the areas of engineering change order updates, acceptance testing, and pre-election system verification for EAC-certified systems,

issuance of Requests for Proposal, and information on how to maintain aging voting technology,

- promotes quality control in test laboratories and voting system manufacturing through the EAC Quality Monitoring Program, including periodic lab and manufacturing facility audits of EAC-registered entities,
- provides procedures to voting system manufacturers for the testing and certification of voting systems to specified Federal standards consistent with the requirements of HAVA Section 231(a)(1),
- upon invitation or with permission from election officials, the EAC conducts reviews of systems in use in the field, and along with its advisory boards, the EAC and NIST work together to update and implement voluntary testing guidelines for voting systems.

U.S. Election Assistance Commission



I.B. PERFORMANCE GOALS, OBJECTIVES, AND RESULTS

The EAC formalized its planning, reporting, and execution activities with its first five-year Strategic Plan 2009-2014. The plan was reviewed by the Office of Management and Budget, and presented to EAC's Board of Advisors and Standards Board for comment, as required by HAVA. EAC adopted the Plan in March 2009. In accordance with OMB A-11, the EAC adopted a new strategic plan in 2018. The EAC new Strategic Plan covers 2018-2022. Following OMB-136, the performance goals and results are aligned with the Statement of Net Cost.

How EAC Assesses Performance

The EAC program area's below describe in general terms the role that the program area plays in helping the Commission meet its congressional mandates as well as the results needed to accomplish its goals. The EAC's strategy for collectively driving its programs to achieve the mission of the agency is more extensively listed in the EAC's 2018-2022 Strategic Plan, which can be found on the EAC's website. Outcomes measure the effect program outputs have on their stakeholders. Outputs are quantifiable targets that directly measure the results of a program. A program may have multiple outputs, but each output is associated with one program. Performance measures are quantifiable and documentable representations of a capacity, process, or outcome that is relevant to the assessment of performance.

Program Area: Communication

The Communication division supports the mission of the agency by providing state and local election officials, voters, Congress, other federal agencies, and the public with reliable, accurate, and non-partisan information about the administration of Federal Elections.

Current Strategic Plan (2018-2022) Goals:

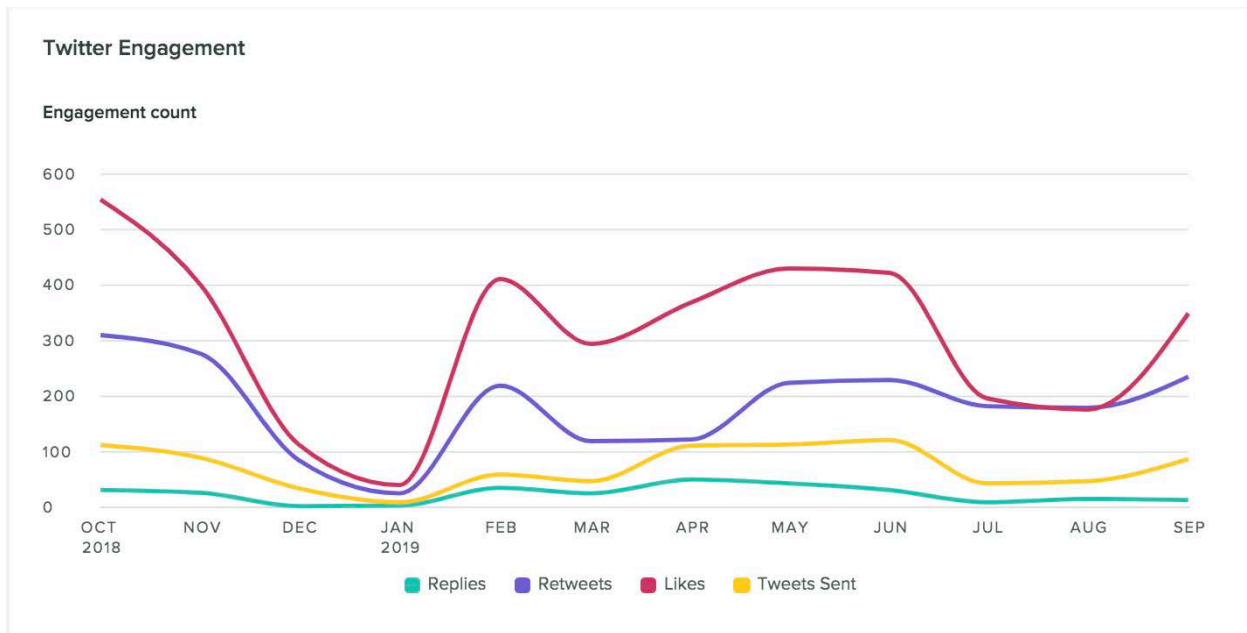
- **Build:** Proactively and responsively create products that help election officials improve the administration of elections and help voters more easily participate in elections
- **Distribute:** Help election officials improve the administration of American elections through the distribution of EAC assistance and products.

Communications FY 2019 Accomplishments

Through the EAC's ElectionPrep19 Campaign, a year-long effort to help the nation's election officials prepare for the 2020 Presidential Election, the commission achieved its build and distribute goals by proactively sharing resources and information to support election administrations around the country as they face a host of complex challenges such as cyber security. Please note that while this section largely addresses the distribution of materials and information, the commission's efforts to analyze data, develop original research, promote election security and accessibility, as well as create other best practices resources are described in more detail under Goal 3.

Communications Events and Outreach

In FY 2019, the EAC populated its website with dynamic and engaging content resulting in 531,940 unique users on the website, with nearly 1.2 million page views. The communications team distributed 47 news articles, created 68 original blogs written by EAC authors and outside experts, produced 41 original videos resulting in 13,600 views. The EAC exponentially grew its social media community resulting in 7,534 Twitter followers, 860 tweets, 1,985 Facebook follows, 482 Facebook Posts, 166 Instagram follows, and 318 LinkedIn follows. The EAC also hosted 6 events. The following provides additional detail about some of these efforts.



Media Coverage & Engagement

The EAC's robust media engagement effort ensures that reporters have access to timely and accurate information about U.S. election administration. The commission's staff and leadership regularly engage in media interviews on and off the record, providing expertise on a broad range of topics. In addition, the communications team works to ensure that the EAC's original research is accessible to all audiences through the use of graphic design, creation of searchable datasets, factsheets, and other materials which resulted in 717 Website E-Alert Subscribers. These efforts have produced solid and sustained coverage growth in recent years. For example, in FY 2019 the EAC was mentioned in 8,442 print and broadcast news stories in the United States.

Events

The EAC hosted several meetings, forums and summits in FY 2019 that focused on elections and leveraging information to produce important content to assist election officials and voters. On Wednesday, Oct. 3, 2018, one month before the 2018 midterm elections, the U.S. Election

Assistance Commission (EAC) hosted the EAC Election Readiness Summit. The EAC Election Readiness Summit event aims to inform the public and lawmakers about the steps election leaders can take to ensure secure, accessible, and efficient elections. The summit provided a platform for election officials and stakeholders to engage experts to discuss priorities and solutions for the upcoming election year.

In April 2019, during the EAC's annual Standards Board and Board of Advisors meetings that are mandated by HAVA and include election officials and other election stakeholders from around the country, the commission hosted a public forum on election security. During this discussion, state and local election officials discussed election disaster relief and detailed their election cybersecurity efforts in preparation for ongoing elections, specifically the upcoming 2020 Presidential Election.

Available 24/7 for the public on EAC.gov, there are videos that range from educational "primers" on topics such as election security and the EAC's Election Administration and Voting Survey to issue specific webisodes and event panels. The Commission also launched a new Instagram account, where it uses compelling photos to engage voters and share important election information.

On Feb. 15, the EAC announced the winners of our 2018 Clearinghouse Awards for Best Practices in Election Administration. The awards, also known as the Clearies, provide election offices across America an opportunity to share their innovative efforts and celebrate successes. The Clearies play an important role in furthering the EAC's responsibilities under the Help America Vote Act of 2002 (HAVA). Under that act, the EAC serves as a clearinghouse for election administration information.

Federal Advisory Committee Act (FACA) Activities

The EAC managed the successful completion of the Congressionally-mandated Annual Comprehensive Review Report to Congress for Fiscal Year 2019. It also published Sunshine Act Notices in the *Federal Register* for the Federal Advisory Committee Meetings (the boards).

Freedom of Information Act (FOIA) Activity

Clearinghouse staff completed 35 FOIA requests for during FY 2019. It also maintained its online FOIA reading room to ensure frequently requested documents and information is easily available to the public.

Program Area: Payment and Grants

The Grants division supports the mission of the agency by delivering and managing Federal funds that help election officials procure modern election systems. This program primarily supports the strategic goals listed below.

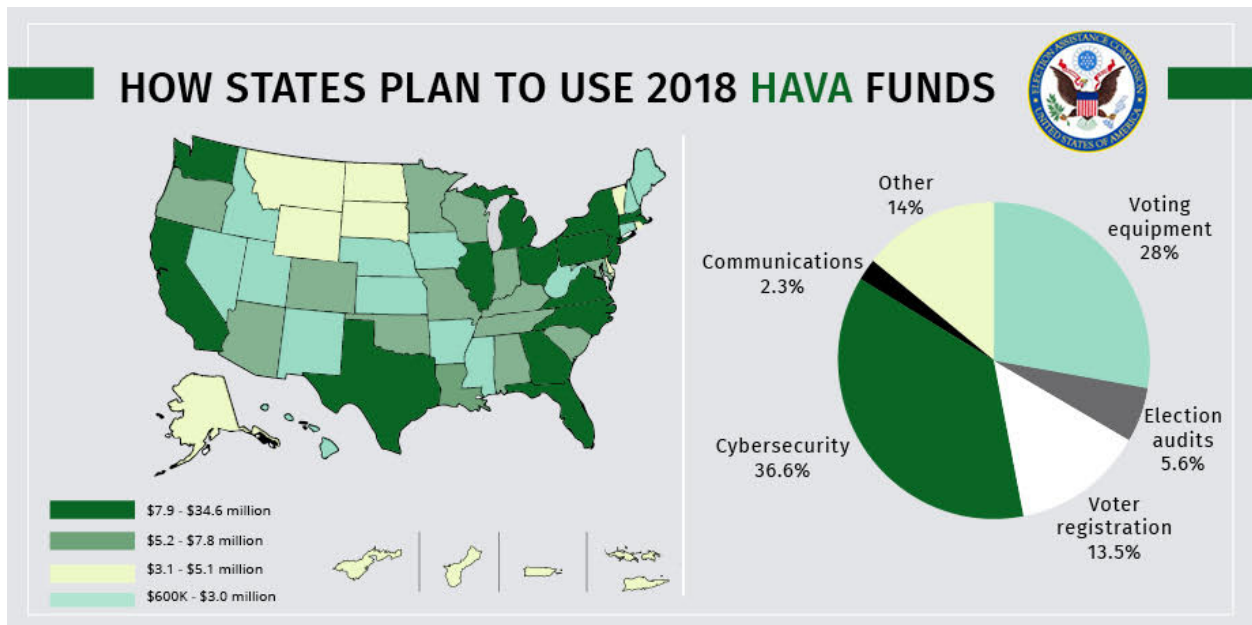
Current Strategic Plan (2018-2022) Goals:

- **Distribute:** Help election officials improve the administration of American elections through the distribution of EAC assistance and products.

Monitoring of \$380 Million in 2018 HAVA Election Security Funds

In FY 2018, Congress signed the Consolidated Appropriations Act of 2018 into law. The Act included \$380 million in grants, made available to states to improve the administration of elections for Federal office, including to enhance technology and make certain election security improvements. The 2018 HAVA Election Security Fund, authorized under Title 1 Section 101 of the Help America Vote Act (HAVA) of 2002, marked the first new appropriations of HAVA grants since FY 2010. The funding provides states with additional resources to secure and improve election systems. The EAC was charged to administer these funds to states.

Now that the funds are distributed to the states, the EAC is mandated to audit and provide technical assistance. The EAC’s Inspector General audits the States’ use of the funds, and EAC staff members provide technical assistance to the states as they plan to and implement their plans to use the federal funds. Currently, the EAC as well as the EAC’s Inspector General have begun taking steps to start providing these services to the nation, and the EAC fully expects this work to continue.



HAVA Section 251 Requirements Payments

In FY 2019, the Payments and Grants Management Division disbursed a net total of \$1,025,184 of Section 251 Requirement Payment to twelve states. Requirements Payments are used to meet the requirements of Title III *Uniform and Nondiscriminatory Election Technology and Administration Requirements* of HAVA. Title III requirements include voting system standards, voting information requirements, provisional voting, statewide voter registration lists, and identification

requirements for voters who register by mail. By law, Section 251 funds are calculated according to a formula based on the voting age population of each State according to the last census and the total voting age population of all States, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands.

The division provided technical assistance to and monitored grant and payment recipients who are responsible for establishing and maintaining internal controls over the funds. During FY 2019, staff conducted remote technical assistance to three states. The internal controls are intended to provide reasonable assurance of compliance with Federal laws, regulations, the provisions of HAVA, and payments and grant agreements. Staff also provided indirect cost rate negotiations for four states, and resolves any issues identified in state OMB Circular A-133 single audit reports.

During FY 2019, staff reviewed 122 Federal Financial Reports (FFRs) and accompanying narrative reports submitted by the States for HAVA Sections 101 *Payments to States for activities to improve administration of elections*, and 251 *Requirements payments* funds. Information from the FFRs as of September 30, 2018 was used to compile the annual grant expenditure report during FY 2019. The report is available on www.EAC.gov.

Program Area: Research

The Research division supports the mission of the agency by providing useful resources that assists state and local election officials to administer elections and helps voters participate in the process. Among the products created and managed by this program is the EAC's Election Administration and Voting Survey (EAVS). The Research program primarily supports the strategic goals listed below. The list of strategic goals derive from the U.S. EAC's Strategic Plan 2018 through 2022. A management discussion and analysis of the Research program's work towards achieving the listed strategic goals follows the list.

Current Strategic Plan (2018-2022) Goals:

- **Analyze:** Expand the nation's comprehensive understanding of American election administration.
- **Build:** Proactively and responsively, create products that help election officials improve the administration of elections and help voters more easily participate in elections.
- **Distribute:** Help election officials improve the administration of American elections through the distribution of EAC assistance and products. Research is responsible for gathering and creating election administration resources to assist election officials and voters.

Research FY 2019 Accomplishments

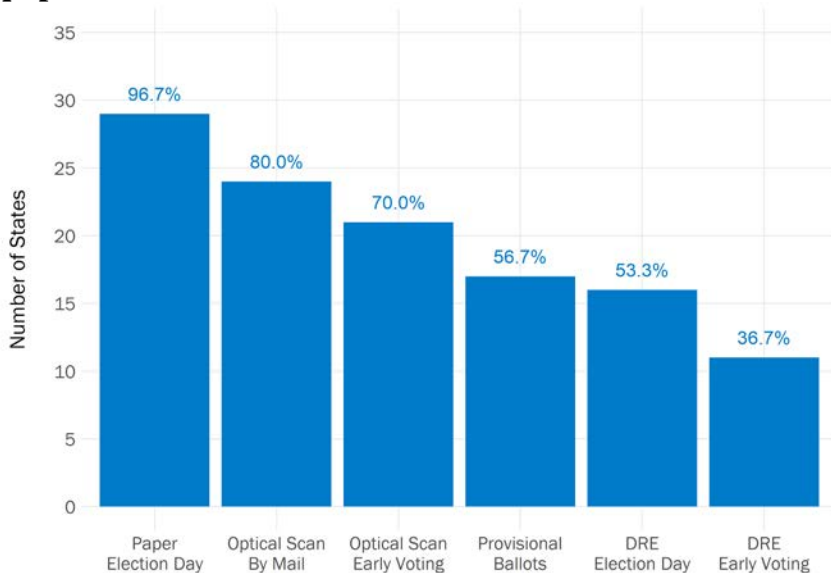
Conducting Original Research

On a biennial basis, the EAC administers the EAVS, the most comprehensive survey on data and practices concerning the administration of U.S. elections. The survey collects data on more than 400 variables from all fifty states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands. The EAVS dataset is usable by other federal agencies, election officials, academics and other researchers to understand and improve the administration of

U.S. elections. Additionally, through the successful administration of EAVS, EAC meets numerous legislative mandates, related to the Uniformed and Overseas Citizens Absentee Voting Act and the National Voter Registration Act, for the collection of information relating to the administration of U.S. elections.

In FY 2019, the EAC transitioned the tool that accompanies the EAVS from the Statutory Overview to the Policy Survey. The Policy Survey is a closed-ended data collection tool that captures and standardizes data for analysis, compared to the Statutory Overview, which was an open-ended tool. EAVS, accompanied by the Policy Survey, provides an in-depth understanding of how elections are being administered in the United States. The 2018 EAVS also introduced new questions within the Policy Survey relevant to the functionality of statewide voter registration databases, online voter registration, election failsafe mechanisms, and post-election auditing. Cybersecurity of the election systems at the state and local level continues in the headlines as an issue of interest. In FY 2019, EAC staff on the research team completed training and obtained certification related to cybersecurity, in order to, build a knowledge base to conduct research in this area.

Figure 1: Survey improvements allow EAC to capture most commonly used types of voting equipment



The EAC is continually building products using EAVS data. For example, EAVS Deep Dives are a series of short papers that present data analysis findings for trends and other related information. Each Deep Dive focuses on an individual topic found in the data, and presents the information in an objective, reader-friendly format. Additionally, the EAC updated its online interactive tool using EAVS 2018 data, which greatly enhances the accessibility of EAVS data to election officials, policymakers, researchers, and the broader public.

The EAC implements a primarily qualitative data collection effort that results in white papers, known as Topic Briefs. In FY 2019, “Managing the Complexities of Ballot Design” was developed

as the first of a series of topic briefs. These white papers explore the practices and perspectives of a select group of state and local election officials on a variety of election administration topics. When applicable, EAVS data complements the mainly qualitative methodology incorporating a mixed methodology.

Highlighting Election Administration Best Practices

In an effort to collect and distribute information about best practices in election administration across the nation, the EAC again presented its competition centered around best practices, the Clearinghouse Awards or the “Clearies.” These awards highlight leaders in the field of election administration so that others may learn from them and their success. In FY 2019, the EAC awarded ten participants in three Clearies categories: 1) Outstanding Innovations in Election Administration, 2) Improving Accessibility for Voters with Disabilities and, 3) Best Practices in Recruiting, Training and Retaining Election Workers. After the success of the second Clearies, in the latter half of FY 2019, EAC collected information and submissions for the third year from election officials around the country and will award the winners in FY 2020.

Serving Voters

In FY 2019, the EAC processed twelve state-requested updates to the National Mail Voter Registration form instructions and accompanying language translations. In addition to the form’s availability in 15 languages, the EAC added a Braille translation of the form’s content. EAC understands that it must not only help election officials improve the administration of their elections, but EAC must also directly help voters. Voter resources is one of the most frequently visited portions of the agency’s website. Voters can find a Voter’s Guide to Federal Elections, resources for overseas and military voters, information on registering to vote – including the National Mail Voter Registration Form, information about becoming a poll worker, general educational information, and Election Day contact information.

The EAC’s 2019 Election Data Summit event coincided with the release of the 2018 Election Administration and Voting Survey (EAVS) and featured expert speakers examining how to use data to help America vote. The day’s keynote speakers and panel discussions included a look at how data can be used to address election security, improve voter registration, modernize election management systems, and enact best practices for serving voters covered under the Uniformed and Overseas Citizens Absentee Voting (UOCAVA) Act. This gathering of election administration’s subject matter experts was live-streamed and recorded for election official and voter access nationwide.

Program Area: Testing and Certification

The Testing and Certification division supports the mission of the agency by crafting a national standard for testing and certifying vendor-created voting systems and administering a testing program in which voting systems that meet the standard are certified. Election officials use this certification for guidance in voting system procurement. This program primarily supports the strategic goals listed below.

Current Strategic Plan (2018-2022) Goals:

- **Build:** Proactively and responsively create products that help election officials improve the administration of elections and help voters more easily participate in elections
- **Distribute:** Help election officials improve the administration of American elections through the distribution of EAC assistance and products.

FY 2019 Accomplishments

The EAC administers and manages the only national standard-setting program for building, testing, and certifying voting systems. States' use of this program and its standard is voluntary. More than 40 states use the program in some way. The program operates by creating the VVSG with TGDC, certifying test laboratories to test to these guidelines, and administering voting system test campaigns – voting systems are submitted to the test laboratories for testing against the guidelines. If a voting system meets all of the requirements established in the guidelines, then the EAC certifies the voting system. Election officials use this information to help them know that they are procuring high-quality, reliable, voting systems. Certain states only allow their officials to procure and use voting systems that have been certified to the VVSG. Other states use the standard by itself, and still others use the testing program's labs to help with their own certifications.

In order to ensure that the EAC is setting a standard of modern quality that helps ensure voting systems are secure, accessible, up-to-date and functional, the EAC's Testing and Certification program works to update the standard and its underlying components. In FY 2019, EAC made significant progress in the continued crafting and presentation of the newest set of standards, VVSG 2.0. This certification standard includes modern security, accessibility, and functionality standards. Technology, its uses, and the threats against it, is changing, and EAC is working to help ensure voting systems are ready for current challenges. The VVSG 2.0 draft requirements were drafted and reviewed by the Technical Guidelines Development Committee during their September 2019 meeting.

In addition to the work on VVSG 2.0, the EAC's Testing and Certification program tested and certified eleven voting systems. To continue EAC cybersecurity efforts, the program provided Election Technology and Security Training to over 400 state and local election officials in three states across the country. Election officials are managers of complex IT systems, and EAC uses its unique ability to collect information and practices from around the country to help election officials be effective IT managers. The training prepares election officials to have a better understanding of how to best manage and secure their IT systems in their states.

The Testing and Certification program also provided risk-limiting audit (RLA) assistance to states to several states. Some assistance included drafting protocols and providing hands-on training for pilot RLAs, and some assistance involved discussions about how RLAs could be implemented in particular jurisdictions.

These on-going, regular efforts to assist election officials are critical to successful operation of the program. Thousands of election jurisdictions around the country are continually researching and

procuring voting equipment, and the EAC's Testing and Certification Division helps them navigate this process with confidence.

Additional Information Regarding Agency Management and Operations

The EAC leadership regularly works to further the mission of the agency by providing EAC staff the necessary resources to improve performance and strengthen internal controls that will maximize the operation of the agency. This program primarily supports the the strategic goals listed below.

Current Strategic Plan (2018-2022) Goals:

- **Operate:** Ensure continued effective operation of the EAC in order to achieve its goals while acting as good stewards of public funds.

During FY 2019, the EAC held a Standards Boards and Board of Advisors meeting in April pursuant to the Help America Vote Act. The Advisory Boards reviewed the next generation of VVSG, discussed the intent and application process for newly appropriated HAVA funding, examined election security efforts and tackled other timely election-related issues, such as disaster recovery contingency planning.

Pursuant to initiatives for government reform, the EAC is actively working with the Office of Management and Budget and looking at our funding mechanism with NIST. In addition, the Office of Personnel Management (OPM) completed an assessment of our structure and positions that will contribute to the creation of the Human Resources Plan, address EAC's planning and strategy processes, and evaluate internal policies and procedures.

The EAC continues to focus on establishing sound systems and policies and procedures, working with managers on the relationship between budget and performance, maximizing efficient use of staff and financial resources, and training EAC's staff on financial management processes and their specific, individual responsibilities. Budget holders complete assessable unit risk and fraud assessment questionnaires and individual letters of assurance to assess risk to goal accomplishment, and provide a review of the effectiveness of internal controls in their areas of responsibility for the fiscal year. The risk and fraud assessments and letters of assurance are reviewed by the Executive Director and the Financial Manager, and rolled into the agency's Annual Statement of Assurance that is presented in this report.

In FY 2019, the EAC continued to provide financial management tools and support to staff. Agency staff is able to utilize five automated systems (procurement, travel, purchase card, invoice, and time and attendance) via interagency agreements with the General Services Administration and the U.S. Department of Treasury Bureau of the Fiscal Service. The EAC staff Contracting Officer's Representatives (CORs) were provided annual training and have access to free online COR and invoice approval training via the procurement service provider agency.

FY 2019 Performance Summary

The following table presents key EAC FY2019 program performance results data.

	Performance Indicator	Type of Indicator	Outcome
Program Area: Communications and Clearinghouse			
	Regularly issue information on EAC activities.	Output	Generated 47 news articles, 68 blogs posts, 860 Facebook posts, 482 tweets.
	Produce the annual report of EAC activities to Congress by January 31 of each year for the preceding year ending September 30, and other original documents.	Output	February 2019 (extension due to lapse of funding).
Program Area: Payments and Grants			
	Consolidated Appropriations Act of 2018	Output	Continuous monitoring of grant activities
	Review financial and performance reports from grantees and notify recipients of reporting anomalies or failures to file within 30 days.	Output	100%
Program Area: Research			
	Effectively and efficiently distribute federal resources to EAC stakeholders.	Output	Updated 12 state requests to the NVRA form, created 1 online tool for election research and data.
	Serve as an expert on the administration of American elections.	Output	Published 2 Deep Dives, 9 External Research Presentations
Program Area: Testing and Certification			
	Test and certify voting systems.	Output	Certified 11 voting systems.
	Produce voting system guidance for use in the field.	Output	VVSG draft requirements were drafted and reviewed by TGDC.

Portfolio Analysis

Since 2004, the EAC has received funds in three appropriations: Salaries and Expenses, Election Reform Programs, and for FY 2008 only, Election Data Collection Grants. In FY 2019, the EAC received funds in the Salaries and Expenses appropriation of \$9.2 million. The appropriation was used for a \$1.25 million transfer to NIST, payroll, travel, rent, telecommunications, printing, contracts, supplies, subscriptions, equipment and software.

I.C. FINANCIAL RESULTS

The following analysis is intended to provide information on the EAC's financial results, position, and condition as portrayed in the financial statements and the notes to the statements presented in Sections II.D and II.E of this report. Changes in assets, liabilities, costs, revenues, obligations, and outlays are explained; comparisons are made between amounts in FY 2019 to FY 2018; and the relevance of balances and amounts in the financial statements and notes are discussed. The changes provide context as to how the year's activities impacted the agency's financial position.

Budgetary Resources

Budgetary resources are the amounts made available and their status at the end of the fiscal year. The majority of EAC's available budgetary resources are in the one year Salaries and Expenses appropriation. Budgetary resources include new Budget Authority from annual Salaries and Expenses appropriations, unpaid obligations, recoveries, offsetting collections, carryover no year grant funds, and unobligated balances.

FY 2019, the available budgetary resources were \$14.5 million, down from \$396.5 million in FY 2018. In FY 2019, as mentioned previously, the EAC's appropriations totaled \$9.2 million for Salaries and Expenses, including a \$1.25 million non-expenditure transfer to NIST.

Obligations Incurred decreased from \$388.3 million in FY 2018 to \$7.8 million in FY 2019. The decrease was due primarily to the security grants. The Unobligated Balance – Apportioned decreased from \$1.8 million in FY 2018 to \$1.6 million in FY 2019.

Financial Position

Assets

The EAC had \$10.1 million in total assets (Fund Balance with Treasury; Accounts Receivable; Property, Equipment, and Software; and Other Assets) as of September 30, 2019, compared to \$12.8 million in FY 2018.

Liabilities

The EAC had total liabilities (Accounts Payable, accrued salaries and benefits, and unfunded leave) of \$678,350 as of September 30, 2018. Liabilities decreased to \$645,871 as of September 30, 2019.

Net Position

Net position (Unexpended Appropriations and Cumulative Results of Operations) decreased from \$12.2 million in FY 2018, to \$9.5 million in FY 2019.

Results of Operations

The EAC, as presented in the Statement of Net Costs, reports the results of operations within four programs: Analyze; Build; Study, Distribute; and Operate. Costs specifically identified with each of the programs, such as direct personnel costs and specific program contract expenses, are allocated to the programs directly. Other general agency overhead costs, such as rent, information technology, and financial management, are allocated on a per employee basis. The methodology is outlined in EAC's Cost Allocation Model and is reviewed by the financial statement auditors each year to ensure the accurate allocation of expenses to each program.

The Total Net Cost of Operations (expenses in the Salaries and Expenses, and Election Reform Programs appropriations) for the EAC was \$388.6 million (due to appropriation of the security grants) for Fiscal Year 2018, decreasing to \$9 million in FY 2019.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S. Code 3515(b). The statements have been prepared from the books and records of the EAC in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget. The statements are in addition to the financial reports that are used to monitor and control budgetary resources during execution of the budget, which are prepared from the same books and records.

The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

I.D. ANALYSIS OF CONTROLS, MANAGEMENT SYSTEMS, AND LEGAL COMPLIANCE

Internal Control Environment

The EAC is subject to numerous legislative and regulatory requirements that promote and support effective internal controls. The EAC believes that maintaining integrity and accountability in its programs and operations is critical for good government, demonstrates responsible stewardship over assets and resources, helps ensure high-quality and responsible leadership, allows for effective delivery of services to customers, and maximizes desired program outcomes.

The EAC has developed and implemented management, administrative and financial system controls with the aim of ensuring that: 1) programs and operations achieve intended results efficiently and effectively, 2) resources are used in accordance with the mission of the agency, 3) programs and resources are protected from waste, fraud and abuse, 4) program and operational activities are in compliance with laws and regulations, and 5) reliable, complete and timely data are maintained and used for decision-making.

The agency can provide unqualified assurance that internal control over financial reporting is effective, ensuring that transactions are executed in accordance with budgetary and financial laws and other requirements, consistent with the purposes authorized, and recorded in accordance with Federal accounting standards. The EAC ensures that assets are properly acquired and used, and safeguarded to deter theft, accidental loss or unauthorized disposition, and fraud.

Laws that help the EAC improve the management of its financial operations and programs are as follows:

Federal Manager's Financial Integrity Act

The Federal Manager's Financial Integrity Act (FMFIA) of 1982 requires Executive Branch agencies to establish, maintain, and assess internal controls to ensure that agency program and financial operations are performed effectively and efficiently. To help ensure that controls have been identified and implemented, the heads of agencies must annually evaluate and report on the effectiveness of internal controls (FMFIA Section 2) and financial management systems (FMFIA Section 4) that protect the integrity of Federal programs.

Entity-Wide Security Program

The EAC's Information Technology (IT) staff explores innovations to update and improve network services for security, availability, efficiency, and productivity. Currently, the EAC operates its own infrastructure, using GSA's network backbone for security purposes. The EAC IT staff of four that maintains personal computers, smart phones, and servers; provides software requested by EAC staff, remote access services, Voice Over Internet Protocol and Interactive Voice Response telecommunications tools; and performs vulnerability scans (in addition to GSA's backbone

infrastructure scans). IT staff remediates and updates security patches so that staff is equipped to perform work both on- and off-site in a secure environment.

GSA manages a firewall, external intrusion detection, T1 lines, and routers and switches for Federal Information Security Management Act (FISMA) compliance on EAC's behalf. The EAC's cybersecurity management needs are covered by GSA through an annual Memorandum of Understanding for IT services and equipment at \$28,000 for FY 2019. The agreement funds the tools that enable GSA to continuously monitor EAC's IT systems security as described in OMB M-10-15, *FY 2010 Reporting Instructions for the FISMA and Agency Privacy Management*, dated April 21, 2010.

Federal Information Security Management Act

The EAC was overall in compliance with the Federal Information Security Management Act at the end of FY 2019. The audit will be available on EAC's website.

Audit Follow-Up

The EAC's Office of the Inspector General (OIG) conducts audits and reviews of the agency's operations. The Office of the Chief Financial Officer (OCFO) works closely with the EAC management and the OIG to complete actions necessary to respond to audit findings. The EAC's Inspector General's statement of major management and performance challenges are documented in Section III.A. of this report. The EAC also considers and responds to recommendations from audits and reviews conducted by the Government Accountability Office.

Federal Financial Management Improvement Act

Per OMB Bulletin No. 14-02, "Audit Requirements for Federal Financial Statements," the EAC as an Accountability of Tax Dollars Act of 2002-covered agency, is not subject to the requirements of the Federal Financial Management Improvement Act.

Accountability of Tax Dollars Act of 2002

The Fiscal Year 2019 financial statement audit report identified no material weaknesses in internal control over financial reporting.

Inspector General Act Amendments of 1988

The EAC Office of the Inspector General audits HAVA funds administered by recipients of HAVA payments and grants, and transmits OMB Circular A-133 single audit reports that present findings on HAVA funds to the EAC. The principal recipients of HAVA payments and grant funds are state governments.

Fraud Reduction Report

Pursuant to the Fraud Reduction and Data Analytics Act of 2015 (Public Law 114-186, 32 U.S. Code 3321 note), EAC is reporting on its fraud reduction efforts since the final quarter of FY 2019 in three key areas:

I. Implementation of financial and administrative controls

Financial and administrative controls are described in the EAC's Annual Accounting Handbook, Annual Financial Statement Preparation Guide, Procurement Handbook, Budget Policy, Administrative Control of Funds Policy, Internal Control Procedures, Grants Handbook, and Travel Handbook. Standard Forms 49 Requisitions are used for credit card approvals. The forms are used to reconcile monthly purchase card statements in the Citi system, entered by cardholders and reviewed and approved by the Financial Manager as cardholder agency point of contact.

Financial and administrative controls are further described in annual cycle memoranda prepared as part of the annual financial statement audit, which lasts from April through mid-November. The memos are in the areas of: Fund Balance with Treasury, Accounts Receivable, Accounts Payable, Payroll, Budget, Cash Receipts and Disbursements, and Undelivered Orders.

II. The fraud risk principle in the Standards for Internal Control in the Government (the GAO Green Book)

Principle 8 of the Green Book requires agency management, "to consider the potential for fraud when identifying, analyzing, and responding to risks." The Green Book defines fraud as "obtaining something of value through willful misrepresentation." Historically, the EAC has not experienced willful fraud. Management views the risk of fraud as minimal given the agency's size, budget, existence of shared service providers, and a culture of zero tolerance for fraud. Further, management signed a document stating that they are not aware of instances of fraud in FY 2019.

Annually, EAC completes the independent financial statement auditor's comprehensive Fraud, Waste and Abuse questionnaire. The nineteen point questionnaire is completed and signed each year by the agency's Chair, Executive Director, General Counsel and CFO. Assertions are made that managers are not aware of allegations of fraud or suspected fraud, and that they understand risks specific to EAC.

The Green Book identifies three types of fraud:

1. Fraudulent financial reporting (intentional misstatements or omissions or disclosures)
2. Misappropriation of assets (theft, embezzlement, fraudulent payments)
3. Corruption (bribery and other illegal acts)

Another fraud risk is misconduct (e.g., waste or abuse of government resources).

The EAC, has built-in segregation of duties with a contractual financial, travel and procurement services provider at another federal agency via interagency agreement, a second federal agency provider for payroll and human resources services, a third interagency for a large contract, and a full-time Inspector General. Most financial transactions involve three individuals.

The EAC is assessed to have a low risk of fraud in these areas:

- Fraudulent financial reporting risk: financial reporting is provided by one of the four OMB-authorized financial service providers. All financial reporting, including financial statements and necessary journal entries, is reviewed and approved by the EAC CFO prior to publication. Further, the EAC has undergone a financial statement audit by an independent financial auditor each year since Fiscal Year 2008. The auditors' working papers are reviewed by the agency's Inspector General.
- Misappropriation of assets: assets are recorded in the general ledger, inventoried and tagged by two offices within the EAC, and schedules of depreciation of the assets are maintained by the financial services provider. The EAC's building and its assets are secured by the Federal Protective Service via interagency agreement. Property removed from the building requires presentation of a signed property pass to a guard.
- Bribery: contracting officers are located at other agencies, the EAC staff serves as vendor contract proposal evaluation panel reviewers, funds for procurements are certified by the CFO, and staff is made aware in mandatory training and at all staff meetings that taking gifts valued over \$20 is prohibited.
- Illegal acts: staff is encouraged to report perceived illegal acts to the General Counsel as Ethics Officer, supervisors, and the Inspector General. The EAC's Human Resource Handbook provides thorough descriptions of standards of conduct, fitness for duties based on character and conduct, disciplinary and adverse actions for misconduct, and ethics.
- Waste of government resources and abuse of authority or position: the IG maintains a fraud, waste, abuse hotline. Staff and the public can call the hotline anonymously to report perceived cases of fraud, waste, or abuse. Further, staff is provided with Whistleblower training, so they know how to protect themselves from repercussions related to reporting wrongdoing. Other EAC mandatory training includes Privacy Act and IT security training. Standards of conduct are laid out in the EAC's Office of Human Resources Handbook, available on the agency's shared drive, and reviewed at New Employee Orientation. The manual specifies that the agency's General Counsel serves as the Designated Agency Ethics Officer, who should be consulted on specific issues of concern.

Fraud risk factors in the Green Book are incentive/pressure, opportunity (e.g., absence of or ineffective controls, override of controls), and attitude/rationalization. The risk factors are used by management to identify fraud risks. As mentioned above, the EAC relies on Inspector General and internal auditors and other internal and external individuals to provide information about suspected fraud or allegations of fraud.

The risk of opportunity is greatly reduced with financial staff at the EAC separate from the accounting and procurement service provider. Independent auditors recommendations are taken seriously and implemented timely, at times in conjunction with the service providers' controls. The EAC does not have identified material weaknesses in internal controls over operations in FY 2019.

Any management override of controls would necessarily involve staff at two federal agencies since the EAC does not have “write” access to the core financial system.

Management communicates the consequences of committing fraud in mandatory Ethics, Prohibited Practices and Whistleblower Protection, Information Technology Security, Privacy Act, and Privacy Rules of Behavior training.

III. OMB Circular A-123 with respect to leading practices for managing fraud risk

The EAC management and its independent financial statement and Federal Information Security Management Act (FISMA) auditors are responsible for disclosing detected risks. This and other information helps management identify and assess risks. Assessment of fraud risk is crucial so that it can be mitigated or prevented and does not adversely impact agency mission and operations objectives by affecting its ability to effectively and efficiently use its resources.

The EAC is required to report on progress in identifying risks and vulnerabilities to fraud, including the areas of: payroll, beneficiary payments (such as life insurance), grants, large contracts, information technology and security, asset safeguards, purchase cards, and travel cards. The EAC has assessed its vulnerabilities to fraud in these areas as low, taking into account use of another federal agency for payroll, IT and human resources services, and a second federal agency for accounting services, disbursement of grant funds, and purchase and travel card programs. Via interagency agreement, two agencies award EAC’s large contracts. As mentioned elsewhere in this report, assets are protected by Federal Protective Service guards assigned to the building, and by a key card system protecting the EAC’s suite within the building.

Due to its size and relationship with federal service providers, where the majority of financial transactions involve separation of duties and involvement by at least three staff, the risks within the agency are assessed to be low. Grant risks are remediated by Inspector General audits and agency assistance to grantees on technical assistance and audit resolution. The EAC controls include controls related to its use of service organizations. Separation of duties between federal entities is laid out in the roles and responsibilities sections of their interagency agreements.

The EAC utilizes automated time and attendance, procurement, contract payments, and travel and purchase card systems housed at other agencies. The EAC has agency points of contact for purchase and travel cards, as does the financial service provider. The EAC’s CFO reviews all travel receipts for reimbursement before approving travel vouchers, generally entered into the travel system by EAC travel arrangers. Travel service provider accountants reconcile EAC’s Central Billing Account each month. Agency-specified types of vendors allowed for use are established under the procurement card program via the use of Master Contract Codes. All other vendors will result in a card decline until the type of procurement is reviewed and access is given temporarily for the purchase.

Grantees, as well as vendors, are required to be registered in the federal System for Award Management (SAM). Grantee requests for payment are reviewed by several staff at EAC, recorded on route slips prior to sending the requests to the service provider’s Accounts Payable office. Further, grantee Federal Financial Reports are reviewed and analyzed each year. The process includes confirmation of period of performance of the award, report type (annual or final), Dun &

Bradstreet Number and Employer Identification Number. Total award, Required Match, and Program Incomes are reviewed for accuracy. The reports are reconciled against prior year submission to analyze spending rates over time. Questions and errors are relayed back to the grantee timely. EAC creates reports tracking key metrics related to expenditure of federal funds and State match. Grant expenditure reports are provided to Congress and posted on eac.gov.

Requests for payments to vendors are reviewed by trained and certified Contracting Officer's Representatives. Payments are made by service provider staff for interagency agreements, and in the Internet Payment Platform for the two federal agencies that award contracts on EAC's behalf for commercial vendors by EAC CORs. If a vendor claims nonpayment of bills, Treasury reports are requested to provide banking information confirming payment with banking information. It should be noted that grantees and vendors contact the agency if a payment is not received timely, which could be an indicator of fraud, so misdirection of funds is considered low risk. Financial system controls prevent vendor overpayment.

Further, CORs and the EAC CFO provide quarterly accruals and deobligations to the financial service provider on all open obligations. The CFO is required to certify that the open obligations are valid. The certification is reviewed by the financial statement auditors each year.

Each year, the EAC performs an Improper Payments Elimination and Recovery Improvement Act review for the financial statement audit. Due to the budget of the agency, EAC reports that the IPERIA is not applicable in the annual Agency Financial Report.

Strategies, Procedures and Other Steps

The EAC is required to report progress to curb fraud by establishing strategies, procedures, and other steps. Steps include agency requirement for ethics training for all staff, which includes how to avoid a conflict of interest. Several staff members complete confidential and public Financial Disclosure reports annually. The reports are reviewed by the Ethics Officer for conflicts of interest. Further, Contracting Officer's Representatives (about one-third of all full-time staff) are required to take Ethics in Contracting training, which further reinforces the need to avoid conflicts of interest in procurements. Contracting Officer's Representative can also take a free online course entitled Procurement Fraud Indicators.

Cards and system access are cancelled for exiting employees. The financial service provider asks for annual certification from the CFO on all systems access by EAC staff. The process includes review of roles and transaction amount limits for authorized staff.

The EAC has started an A-123 revised review of information technology by an independent party. Plans are that the review structure established to review IT for risk including fraud risk will be used in future for other functions of the agency. If risks are identified, the EAC would proceed with actions such as reallocation of roles to enhance segregation of duties.

The EAC undergoes annual financial statement and Federal Information Security Management Act audits. The EAC reviews grant audit findings and works with grantees pre- and post-audit.

The EAC reviews financial transactions for error and potential fraud, and the financial service provider has staff accountants with CPAs who review financial transactions. Generally, the requestor of a transaction, his or her supervisor, and the EAC funds certifier sign off on transactions. The service providers obligate procurement funds. The EAC analyzes its shared service provider's regular audits throughout the year including purchase card payment timeliness, completeness of card logs, and accuracy of payments; Internet Payment Platform invoice post-payment audits of timeliness and accuracy, prompt pay reports; accounts payable delinquencies; and travel audits of compliance with the Federal Travel Regulation, attachment of required receipts to vouchers, and accuracy and timeliness of payment amounts.

Annual Assurance Statement on Internal Control

November 18, 2019

The management of the Election Assistance Commission (EAC) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Internal control is an integral component of EAC's management, providing reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The EAC's assessment of internal controls for ensuring the effectiveness and efficiency of operations focused on assessing controls for ensuring the reliability of information associated with the performance measures presented in its strategic plan, and on self-assessments. With respect to assessing internal control designed to ensure the reliability of financial reporting, the EAC relied upon the evaluation of internal controls over financial reporting conducted by its independent auditors, on reports issued by the Inspector General, and on agency risk assessments and letters of assurance over the program offices, financial management functions (accounting, budget, payments and grants, and procurement), and administrative offices.

Regarding internal controls to ensure compliance with laws and regulations, the EAC relied upon the evaluation conducted by its independent auditors and the Inspector General.

In FY 2019, the auditors found no material weaknesses or significant deficiencies in internal controls over financial management reporting. Further, the auditors found no instances of noncompliance with laws and regulations.

The Commission provides an unmodified statement of assurance that internal control and financial management systems meet the objectives of the Federal Managers' Financial Integrity Act.



Chairwoman

SECTION II
Financial Section



U.S. ELECTION ASSISTANCE COMMISSION
1335 EAST-WEST HIGHWAY, SUITE 4300
SILVER SPRING, MD 20910

OFFICE OF THE INSPECTOR GENERAL

November 18, 2019

Christy McCormick, Chairwoman
U.S. Election Assistance Commission
1335 East-West Highway, Suite 4300
Silver Spring, MD 20910

Re: Audit of the U.S. Election Assistance Commission's Financial Statements for Fiscal Year 2019
(Assignment No. I-PA-EAC-01-19)

Introduction

The Chief Financial Officer's (CFO) Act of 1990 (P.L. 101-576), as amended, requires the Inspector General for the U. S. Election Assistance Commission (EAC) or an independent external auditor, as determined by the Inspector General, to audit EAC's financial statements. The independent public accounting firm of Brown & Company CPAs, PLLC (Brown & Company) performed the audit of the EAC's financial statements under contract with the Office of Inspector General (OIG). The contract required the audit to be performed in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Bulletin 19-03, *Audit Requirements for Federal Financial Statements*; and the *Financial Audit Manual* issued jointly by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the Government Accountability Office.

Results of Audit

In Brown & Company's opinion, the financial statements present fairly, in all material respects, the financial position of EAC as of September 30, 2019 and 2018, and its net costs, changes in net position, budgetary resources, and custodial activities for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Within the limitations on the scope of their testing of controls and compliance as described in the report, Brown & Company also reported no material weaknesses in control and no instances of noncompliance with laws, regulations, or significant provisions of contracts or grant agreements.

Evaluation of Brown & Company's Audit Performance

To fulfill our responsibilities under the CFO Act of 1990, as amended, and other related financial management requirements, the OIG:

- Reviewed Brown & Company's approach and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings with EAC management to discuss progress, findings, and recommendations;
- Reviewed Brown & Company's draft audit report;
- Performed other procedures we deemed necessary; and
- Coordinated issuance of the audit report.

Brown & Company is responsible for the attached auditor's report and the conclusions expressed in the report. Our review of the contractor's performance was not an audit of the financial statements, internal controls, or compliance, and was not sufficient to conclude on any of those subjects of the audit. Consequently, the OIG does not express any opinion on EAC's financial statements or conclusions on the effectiveness of internal control or compliance with laws, regulations, or provisions of contracts or grant agreements.

Report Distribution

The Inspector General Act of 1978, as amended, requires semiannual reporting to Congress on all reports issued, actions taken to implement recommendations, and recommendations that have not been implemented. Therefore, we will report the issuance of this audit report in our next semiannual report to Congress. The distribution of this report is not limited and copies are available for public inspection on the EAC OIG website ([EAC IG Website](#)) and on CIGIE's oversight web page ([Oversight.gov](#)).

The OIG appreciates the courtesies and cooperation EAC extended to Brown & Company and the OIG during the audit. If you, or your staff, has any questions, please contact me at (301) 734-3104.

Sincerely,

Patricia L. Layfield
Inspector General

Attachment



**ELECTION ASSISTANCE COMMISSION
INDEPENDENT AUDITOR’S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

U.S. Election Assistance Commission
Washington, D.C.

In our audits of the fiscal years 2019 and 2018 financial statements of the U.S. Election Assistance Commission (EAC), we found

- EAC's financial statements as of and for the fiscal years ended September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2019 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI) and other information included with the financial statements; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

In accordance with the provisions of Accountability of Tax Dollars Act of 2002 (ATDA) (Pub. L. No. 107-289), we have audited EAC's financial statements. EAC's financial statements comprise the balance sheets as of September 30, 2019, and 2018; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with U.S. generally accepted government auditing standards and the provisions of OMB Bulletin No.19-03, *Audit Requirements for Federal Financial Statements*. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

EAC's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted government auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, EAC's financial statements present fairly, in all material respects, EAC's financial position as of September 30, 2019, and 2018, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

EAC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on EAC's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of EAC's financial statements, we considered EAC's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to EAC's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

EAC's management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of EAC's financial statements as of and for the year ended September 30, 2019, in accordance with U.S. generally accepted government auditing standards, we considered the EAC's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of EAC's internal control over financial reporting. Accordingly, we do not express an opinion on EAC's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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 in internal control, 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 attention by those charged with governance.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of EAC's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of EAC's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the EAC's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of EAC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

EAC's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to EAC.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to EAC that have a direct effect on the determination of material amounts and disclosures in EAC's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to EAC.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2019 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to EAC. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

This report is intended for the information and use of the EAC management, OIG and the U.S. Congress, and is made available to the public.



Greenbelt, Maryland
November 18, 2019

**ELECTION ASSISTANCE COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2019 AND 2018
(In Dollars)**

	2019	2018
Assets:		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 9,241,889	\$ 11,882,152
Accounts Receivable (Note 3)	6,400	-
Other (Note 4)	614,764	652,925
Total Intragovernmental	9,863,053	12,535,077
Accounts Receivable, Net (Note 3)	33,460	1,358
Property, Equipment, and Software, Net (Note 5)	249,426	306,689
Total Assets	\$ 10,145,939	\$ 12,843,124
Liabilities:		
Intragovernmental		
Accounts Payable	\$ 25,370	\$ 30,019
Other (Note 7)	43,447	34,806
Total Intragovernmental	68,817	64,825
Accounts Payable	235,545	224,076
Other (Note 7)	341,509	389,449
Total Liabilities	\$ 645,871	\$ 678,350
Net Position:		
Unexpended Appropriations - Other Funds	\$ 9,411,674	\$ 12,124,765
Cumulative Results of Operations - Other Funds	88,394	40,009
Total Net Position	\$ 9,500,068	\$ 12,164,774
Total Liabilities and Net Position	\$ 10,145,939	\$ 12,843,124

The accompanying notes are an integral part of these financial statements.

ELECTION ASSISTANCE COMMISSION
STATEMENT OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019	2018
Gross Program Costs (Note 9):		
Program A : Analyze		
Gross Costs	\$ 1,081,987	\$ 1,681,625
Less: Earned Revenue	(770)	-
Net Program Costs	\$ 1,081,217	\$ 1,681,625
Program B : Build		
Gross Costs	\$ 876,900	\$ 2,312,486
Less: Earned Revenue	(624)	-
Net Program Costs	\$ 876,276	\$ 2,312,486
Program C : Distribute		
Gross Costs	\$ 2,416,573	\$ 2,889,725
Less: Earned Revenue	(1,719)	-
Net Program Costs	\$ 2,414,854	\$ 2,889,725
Program D : Operate		
Gross Costs	\$ 4,621,269	\$ 381,763,206
Less: Earned Revenue	(3,287)	-
Net Program Costs	\$ 4,617,982	\$ 381,763,206
Net Cost of Operations	\$ 8,990,329	\$ 388,647,042

The accompanying notes are an integral part of these financial statements.

ELECTION ASSISTANCE COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)

	2019 Consolidated Total	2018 Consolidated Total
Unexpended Appropriations:		
Beginning Balances	\$ 12,124,765	\$ 13,066,800
Adjustments		
Beginning Balances, as Adjusted	12,124,765	13,066,800
Budgetary Financing Sources:		
Appropriations Received	9,200,000	390,100,000
Appropriations Transferred In/Out	(1,250,000)	(1,500,000)
Other Adjustments	(1,833,388)	(1,096,406)
Appropriations Used	(8,829,703)	(388,445,629)
Total Budgetary Financing Sources	(2,713,091)	(942,035)
Total Unexpended Appropriations	\$ 9,411,674	\$ 12,124,765
Cumulative Results of Operations:		
Beginning Balances	\$ 40,009	\$ 31,278
Adjustments		
Beginning Balances, as Adjusted	40,009	31,278
Budgetary Financing Sources:		
Appropriations Used	8,829,703	388,445,629
Other Financing Sources (Non-Exchange):		
Imputed Financing Sources	209,011	210,144
Total Financing Sources	9,038,714	388,655,773
Net Cost of Operations	(8,990,329)	(388,647,042)
Net Change	48,385	8,731
Cumulative Results of Operations	\$ 88,394	\$ 40,009
Net Position	\$ 9,500,068	\$ 12,164,774

The accompanying notes are an integral part of these financial statements.

**ELECTION ASSISTANCE COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)**

	2019	2018
Budgetary Resources:		
Unobligated balance from prior year budget authority, net	\$ 6,570,730	\$ 7,921,422
Appropriations	7,950,000	388,600,000
Borrowing authority	-	-
Contract Authority	-	-
Spending authority from offsetting collections	6,400	-
Total Budgetary Resources	\$ 14,527,130	\$ 396,521,422
Status of Budgetary Resources:		
New obligations and upward adjustments (total)	\$ 7,824,216	\$ 388,256,900
Unobligated balance, end of year:		
Apportioned, unexpired account	1,563,271	1,776,917
Exempt from apportionment, unexpired accounts	-	-
Unapportioned, unexpired accounts	1,596,066	1,557,795
Unexpired unobligated balance, end of year	3,159,337	3,334,712
Expired unobligated balance, end of year	3,543,577	4,929,810
Unobligated balance, end of year (total)	6,702,914	8,264,522
Total Budgetary Resources	\$ 14,527,130	\$ 396,521,422
Outlays, net:		
Outlays, net, (total)	8,756,875	388,466,668
Distributed Offsetting Receipts		
Agency outlays, net	\$ 8,756,875	\$ 388,466,668

The accompanying notes are an integral part of these financial statements.



Election Assistance Commission NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

U.S. Election Assistance Commission (EAC) is an independent, bipartisan commission charged with developing guidance to meet the Help America Vote Act (HAVA) requirements, adopting voluntary voting system guidelines, and serving as a national clearinghouse of information about election administration. EAC also accredits testing laboratories and certifies voting systems, as well as audits the use of HAVA funds.

Other responsibilities include distributing and monitoring HAVA funds provided to States and other grantees; and maintaining the national mail voter registration form developed in accordance with the National Voter Registration Act of 1993.

HAVA established the Standards Board and the Board of Advisors to advise EAC. The law also established the Technical Guidelines Development Committee to assist EAC in the development of voluntary voting system guidelines.

The four EAC commissioners are appointed by the president and confirmed by the United States Senate. EAC currently has three commissioners. EAC is required to submit an annual report to Congress as well as testify periodically about HAVA progress and related issues. The commission also holds public meetings and hearings to inform the public about its progress and activities.

The EAC reporting entity is comprised of General Funds.

General Funds are accounts used to record financial transactions arising under

congressional appropriations or other authorizations to spend general revenues. EAC manages Salaries and Expenses, Election Reform Program and Election Data Collection Grants General Fund accounts.

EAC has rights and ownership of all assets reported in these financial statements. EAC does not possess any non-entity assets.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of EAC. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of EAC in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and EAC accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control EAC's use of budgetary resources. The

financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the EAC’s funds with Treasury in expenditure accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The EAC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to EAC by other Federal agencies and the general public. EAC has made advance payments for services from other Federal Agencies. When the period of performance for these services expires without fulfillment of the contract, a receivable is recorded. EAC has also made advance grant payments to the states for the primary purpose of replacing punch card or lever voting machines. The period of use of this grant money has expired. All unused funds that have not been returned have been recorded as a receivable. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure

of all collection efforts, management determines that collection is unlikely to occur considering the debtor’s ability to pay.

F. Property, Equipment, and Software

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. EAC’s capitalization threshold varies based on the property classification for assets with a useful life of 2 or more years. For general property and equipment, the capitalization threshold is \$10,000 with a bulk purchase policy of \$100,000. For leasehold improvements and software, the capitalization threshold is \$25,000.

Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	4 - 7
Office Furniture	5
Computer Equipment	5
Office Equipment	5
Software	5

G. Advances and Prepaid Charges

On occasion the EAC prepays amounts in anticipation of receiving future benefits. Although a payment has been made, an expense is not recorded until goods have been received or services have been performed. The EAC has prepayments and advances with non-governmental, as well as governmental, vendors.

H. Liabilities

Liabilities represent the amount of funds likely to be paid by the EAC as a result of transactions or events that have already occurred.

EAC reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities With the Public represents funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year. EAC also accrues liabilities for Section 251 grants, research and development grants for such items as improving voting technology and processes for injured military personnel, and logic and accuracy testing grants. See the required supplemental information for a more detailed explanation of the grants.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave.

I. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and

sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% beginning FY 2010 and 100% in 2015.

J. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the EAC employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the EAC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL.

K. Retirement Plans

EAC employees participate in either the CSRS or the FERS. The employees who participate in CSRS are beneficiaries of EAC matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and EAC matches any employee contribution up to an additional four percent of pay. For FERS participants, EAC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, EAC remits the employer's share of the required contribution.

EAC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to EAC for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. EAC recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

EAC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM, as the administrator.

L. Other Post-Employment Benefits

EAC employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. The OPM has provided the

EAC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The EAC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the EAC through the recognition of an imputed financing source.

M. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

N. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. EAC recognized imputed costs and financing sources in fiscal years 2019 and 2018 to the extent directed by accounting standards.

O. Grants

The EAC administers and oversees the grant making process in connection with federal Requirement Payments and grants made to recipient organizations and the HAVA. As Requirement Payments and grants are awarded, they are recorded as obligations and represent uses of budgetary resources.

Payments made under the grant awards for expenditures already incurred by the recipients are fully expended and are included in the

statement of net costs. Grant awards made to grantees in advance of expenditures are recorded as advances and are included in the balance sheet.

P. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

NOTE 2. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2019 and 2018, were as follows:

	2019	2018
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	\$ 1,563,270	\$ 1,776,917
Unavailable	5,139,643	6,487,605
Obligated Balance Not Yet Disbursed	2,538,976	3,617,630
Non-Budgetary FBWT	-	-
Total	\$ 9,241,889	\$ 11,882,152

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 12).

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2019 and 2018, were as follows:

	2019	2018
Intragovernmental		
Accounts Receivable	\$ 6,400	\$ -
Total Intragovernmental Accounts Receivable	\$ 6,400	\$ -
With the Public		
Accounts Receivable	\$ 33,460	\$ 1,358
Allowance	-	-
Total Public Accounts Receivable	\$ 33,460	\$ 1,358
Total Accounts Receivable	\$ 39,860	\$ 1,358

The accounts receivable is primarily made up of moneys due from funds that had been advanced for services that were not used and employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2019 and 2018.

NOTE 4. ADVANCES AND PREPAYMENTS

Advances and Prepayments balances as of September 30, 2019 and 2018, were as follows:

	2019	2018
Intragovernmental		
Advances and Prepayments	\$ 614,764	\$ 652,925
Other Assets	-	-
Total Intragovernmental Other Assets	\$ 614,764	\$ 652,925
With the Public		
Grant Advances	\$ -	\$ -
Other Assets	-	-
Total Other Assets	\$ 614,764	\$ 652,925

NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2019

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Building	\$ -	\$ -	\$ -
Leasehold Improvements	1,205,830	1,205,830	-
Furniture & Equipment	1,149,097	979,561	169,536
Software	172,721	172,721	-
Construction-in-Progress	-	N/A	-
Software-in-Development	79,890	N/A	79,890
Total	\$ 2,607,538	\$ 2,358,112	\$ 249,426

Schedule of Property, Equipment, and Software as of September 30, 2018

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Building	\$ -	\$ -	\$ -
Leasehold Improvements	1,205,830	1,205,830	-
Furniture & Equipment	1,149,097	922,299	226,798
Software	172,721	172,721	-
Construction-in-Progress	-	-	-
Software-in-Development	79,891	-	79,891
Total	\$ 2,607,539	\$ 2,300,850	\$ 306,689

Depreciation expense was \$57,263 and \$84,755 for the twelve months ending September 30, 2019 and 2018, respectively.

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for EAC as of September 30, 2019 and 2018, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

	2019	2018
Unfunded Leave	194,492	268,038
Total Liabilities Not Covered by Budgetary Resources	\$ 194,492	\$ 268,038
Total Liabilities Covered by Budgetary Resources	451,379	410,312
Total Liabilities Not Requiring Budgetary Resources	-	-
Total Liabilities	\$ 645,871	\$ 678,350

FECA liabilities represent the unfunded liability for actual workers compensation claims on EAC’s behalf and payable to the DOL.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 7. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2019 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 6,450	\$ -	\$ 6,450
Unemployment Insurance Liability	-	-	-
Payroll Taxes Payable	36,997	-	36,997
Custodial Liability	-	-	-
Total Intragovernmental Other Liabilities	\$ 43,447	\$ -	\$ 43,447

With the Public			
Payroll Taxes Payable	\$ 7,646	\$ -	\$ 7,646
Accrued Funded Payroll and Leave	139,371	-	139,371
Unfunded Leave	194,492	-	194,492
Custodial Liability	-	-	-
Total Public Other Liabilities	\$ 341,509	\$ -	\$ 341,509

Other liabilities account balances as of September 30, 2018 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 6,450		\$ 6,450
Payroll Taxes Payable	28,356	-	28,356
Total Intragovernmental Other Liabilities	\$ 34,806	\$ -	\$ 34,806
With the Public			
Payroll Taxes Payable	\$ 9,413	\$ -	\$ 9,413
Accrued Funded Payroll and Leave	111,998	-	111,998
Unfunded Leave	268,038	-	268,038
Total Public Other Liabilities	\$ 389,449	\$ -	\$ 389,449

NOTE 8. LEASES

EAC has no capital leases. EAC relocated from its headquarters office located at 1201 New York Avenue NW, Suite 300, Washington, DC, on November 1, 2013. EAC also ended the lease for additional space at 1225 New York Avenue NW, Washington, DC, at the same time. EAC entered into a new lease for its headquarters office located at 1335 East-West Highway, Silver Spring, MD, which expires on or around November 1, 2018.

In November 2013, the EAC signed a five year lease. Under the agreement, the last full year of the lease started Oct 1, 2017 to September 30, 2018. Also, the agreement included one month, Oct 1, 2018 to October 31, 2018. The new 10 year lease begins on November 1st. The first year of the new lease is from November 1, 2018 to September 30, 2019.

The operating lease amount does not include estimated payments for leases with annual renewal options.

Scheduled of Future Lease Payments

Fiscal Year	Office Space
2020	261,113
2021	262,687
2022	264,294
2023	265,934
2024	267,609
Thereafter	1,110,816
Total Future Payments	\$ 2,432,453

NOTE 9. INTRA-GOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intra-governmental costs and revenue represent exchange transactions between EAC and other federal government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

	2019		2018
Analyze		Communications and Clearinghouse	
Intragovernmental Costs	\$ 268,709	Intragovernmental Costs	\$ 12,622
Public Costs	813,278	Public Costs	1,669,003
Less: Earned Revenue	(770)		
Total Costs	1,081,217		1,681,625
Build		Testing and Certifications	
Intragovernmental Costs	\$ 217,775	Intragovernmental Costs	\$ 2,865,347
Public Costs	659,125	Public Costs	378,897,859
Less: Earned Revenue	(624)		
Total Costs	876,276		381,763,206
Distribute		Research, Policy, and Programs	
Intragovernmental Costs	\$ 600,148	Intragovernmental Costs	\$ 21,541
Public Costs	1,816,425	Public Costs	2,868,184
Less: Earned Revenue	(1,719)		
Total Costs	2,414,854		2,889,725
Operate		Fund and Oversee	
Intragovernmental Costs	\$ 1,147,677	Intragovernmental Costs	\$ 17,357
Public Costs	3,473,592	Public Costs	2,295,129
Less: Earned Revenue	(3,287)		
Total Costs	4,617,982		2,312,486
Total Intragovernmental costs	2,234,309	Total Intragovernmental costs	2,916,867
Total Public costs	6,762,420	Total Public costs	385,730,175
Total Costs	8,996,729		388,647,042
Less: Earned Revenue	(6,400)		-
Total Net Cost	\$ 8,990,329		\$ 388,647,042

NOTE 10. EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanation of differences between amounts reported in the Statement of Budgetary Resources and the actual balances published in the Budget of the U.S. Government (the President's Budget). The President's Budget that will include fiscal year 2019 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2020 and can be found at the OMB website <http://www.whitehouse.gov/omb>. The 2020 Budget of the United States Government, with the "Actual" column completed for 2018, has been reconciled to the Statement of Budgetary Resources and there were no material differences..

The budget that includes the fiscal year 2018 actual execution information is as follows:

FY2018	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$396	\$388	\$0	\$388
Spending Authority from Offsetting				
Collections	0			
Unobligated Balance Not Available	5			
Difference - Due to Rounding	(\$1)	\$0	\$0	\$0
Budget of the U.S. Government	\$390	\$388	\$0	\$388

NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2019 and 2018 consisted of the following:

	2019	2018
Direct Obligations, Category B	\$ 7,817,816	\$ 388,256,900
Reimbursable Obligations, Category B	6,400	-
Total Obligations Incurred	\$ 7,824,216	\$ 388,256,900

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD

For the twelve months ended September 30, 2019 and 2018, budgetary resources obligated for undelivered orders are as follows:

FY 2019

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ 614,763	\$ -	\$ 614,764
Unpaid Undelivered Orders	126,163	1,967,835	2,093,998
Total Undelivered Orders	\$ 740,927	\$ 1,967,835	\$ 2,708,761

FY2018

	Federal	Non-Federal	Total
Paid Undelivered Orders	\$ 652,925	\$ -	\$ 652,925
Unpaid Undelivered Orders	146,529	3,060,789	3,207,318
Total Undelivered Orders	\$ 799,454	\$ 3,060,789	\$ 3,860,243

NOTE 13. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

EAC has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

**BUDGET AND ACCRUAL RECONCILIATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(In Dollars)**

	Intragovernmental	With the Public	Total
Net Operating Cost (SNC)	\$ 2,464,721	\$ 6,525,607	\$ 8,990,329
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation		(57,263)	(57,263)
(Increase)/Decrease in assets not affecting Budget Outlays:			
Accounts receivable	6,400	32,101	38,501
Other assets	(38,161)	-	(38,161)
(Increase)/Decrease in liabilities not affecting Budget Outlays:			
Accounts payable	4,649	(11,469)	(6,820)
Salaries and benefits	(8,641)	(25,605)	(34,246)
Other liabilities	-	73,546	73,546
Other financing sources:			
Imputed federal employee retirement benefit costs	(209,011)		(209,011)
Total Components of Net Operating Cost Not Part of the Budget Outlays	\$ (244,764)	\$ 11,310	\$ (233,454)
Net Outlays (Calculated Total)	\$ 2,219,957	\$ 6,536,917	\$ 8,756,875
Related Amounts on the Statement of Budgetary Resources			
Outlays, net, (total) (SBR 4190)			8,756,875
Distributed offsetting receipts (SBR 4200)			
Outlays, Net (SBR 4210)			\$ 8,756,875

NOTE 14. REQUIREMENT PAYMENTS AND GRANT PROGRAMS

The largest of the EAC grant programs is the Help American Vote Act (HAVA) Section 251 Requirements Payments to the states to help them meet the Title III requirements of HAVA. EAC's discretionary grants have been completed and closed.

	2019	2018
Election Security Grants	\$	\$ 380,000,000
Net Cost of Operations	\$ -	\$ 380,000,000

NOTE 15. CUSTODIAL ACTIVITY

**STATEMENT OF CUSTODIAL ACTIVITY
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018
(In Dollars)**

	2019	2018
Revenue Activity:		
Miscellaneous	25	79
Total Cash Collections	25	79
Accrual Adjustments		(75)
Total Custodial Revenue	25	4
Disposition of Collections:		
Transferred to Others (by Recipient)		154
Increase/(Decrease) in Amounts Yet to be Transferred		(75)
Retained by the Reporting Entity	25	(75)
Total Disposition of Collections	25	4
Net Custodial Activity	\$ -	\$ -

NOTE 16. INTER-ENTITY COSTS

EAC recognizes certain inter-entity costs for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. Certain costs of the providing entity that are not fully reimbursed are recognized as imputed cost and are offset by imputed revenue. Such imputed costs and revenues relate to employee benefits and claims to be settled by the Treasury Judgement Fund. EAC recognizes as inter-entity costs the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the periods ended September 30, 2019 and 2018, respectively, inter-entity costs were as follows:

	2019	2018
Office of Personnel Management	\$ 209,011	\$ 210,144
Treasury Judgment Fund	-	-
Total Imputed Financing Sources	\$ 209,011	\$ 210,144

What is the OIG mission?

The OIG mission is to provide timely, high-quality professional products and services that are useful to OIG's clients. OIG seeks to provide value through its work, which is designed to enhance the economy, efficiency, and effectiveness in EAC operations so they work better and cost less in the context of today's declining resources. OIG also seeks to prevent or detect and investigate fraud, waste, abuse, and mismanagement in these programs and operations. Products and services include traditional financial and performance audits, contract and grant audits, information systems audits, and evaluations.

How can I obtain copies of OIG reports?

Copies of OIG reports are available at the EAC OIG website:

<https://www.eac.gov/inspector-general/reports/>

The reports are also available at Oversight.gov, a one-stop, publicly accessible, searchable website containing the latest public reports from the Federal Inspectors General who are members of the Council of the Inspectors General on Integrity and Efficiency:

<https://www.oversight.gov/>

Copies may also be requested directly from the OIG using the contact information below.

How can I report fraud, waste or abuse involving the U.S. Election Assistance Commission or Help America Vote Act Funds?

Mail: U.S. Election Assistance Commission
Office of Inspector General
1335 East-West Highway, Suite 4300
Silver Spring, MD 20910

E-mail: eacoig@eac.gov

OIG Hotline: 866-552-0004 (toll free)

FAX: 301-734-3115



II.C. REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)

Non-Federal Physical Property

Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation, but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. However, these items merit special treatment so that users of Federal financial reports know the extent of investments that are made for long-term benefit. Such investments are measured in terms of expenses incurred for non-Federal physical property, human capital, and research and development.

In October 2002, Congress passed the Help America Vote Act (HAVA). The law recognized the need for states to invest in their election infrastructure. A major provision of HAVA, Title III, *Uniform and Nondiscriminatory Election Technology and Administration Requirements*, sets forth requirements for each voting system used in an election for Federal office.

The following chart shows expenditures using Federal HAVA funds for voting and voting-related equipment, as well as applied voting research by states and other agency recipients of grants and payments funds. Amounts are reported in the fiscal year proceeding the year the expense was incurred.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Section 102 Funds	\$ 19,905,709	\$ 36,838,905	\$ (163,130)	\$ 90,122	\$ 137,401	\$ (267,813)	\$ (10,769)	\$ 0	\$ (60,652.18)	0
Section 251 Funds	262,018,224	143,247,989	104,356,159	40,410,437	43,417,090	168,169,476	75,586,153	110,248,566	72,618,422	0
HAVA Security Grants										380,000,000
Total	\$281,923,933	180,086,894	\$104,193,029	\$40,500,559	\$43,554,491	\$167,901,663	\$75,575,384	\$110,248,566	\$72,557,770	\$380,000,000

Section 102 Funds. Section 102 funds were disbursed to states for the primary purpose of replacing punch card or lever voting machines. As such, section 102 funds were used to purchase physical property.

Section 251 Funds. HAVA Section 251 Requirements Payments are used to meet the requirements of Title III and improve the quality of Federal elections. As such, Requirements Payments have been used in part to purchase physical property, and to provide funds to the states to carry out other activities to improve the administration of Federal elections.

HAVA Security Grants. Congress signed the Consolidated Appropriations Act of 2018 into law. The Act included \$380 million in grants, made available to states to improve the administration of

elections for Federal office, including to enhance technology and make certain election security improvements.

Research and Development

EAC had two research and development initiatives completed in FY 2015. The initiatives provided funds to support the search for new or improved election voting technology that increases the accessibility and accuracy of voting for all citizens. Costs incurred on these initiatives are included in the calculation of net costs.

Accessible Voting Technology Initiative. EAC awarded \$7.5 million in grants for three three-year grants to fund research to identify and develop technological and administrative solutions that help ensure that all citizens can vote privately and independently, a requirement of HAVA (42 U.S. Code 15441). The initiative supported research and development activities to increase the accessibility of new, existing, and emerging technological solutions in areas such as assistive technologies, interoperability, and design of voting systems. One of the grants provided data on accommodations and assistance needed for recently-injured military personnel to participate in Federal elections. The initiative resulted in over 45 research and development proposals.

Pre-Election Logic and Accuracy and Post-Election Audit Grant Program. EAC awarded \$1.4 million in grant funds to develop and document processes and best practices for coordinating quality and cost-effective voting system pre-election logic and accuracy testing, and post-election audits. Funds supported the research, development, documentation, and dissemination of a range of procedures and processes used in managing and conducting high quality Logic and Accuracy testing and post-election audit activities by type of voting method, vendor specific equipment, jurisdiction size, and other ways.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Accessible Voting Technology Initiative	\$ 270,011	\$ 1,630,476	\$ 2,809,602	\$ 2,429,159	\$ -	\$ (6,605)	\$ 0	\$ 0
Logic and Accuracy	-	275,040	485,600	236,499	(17,638)	(1,520)	0	0
Total	\$ 270,011	\$1,905,516	\$3,295,202	\$2,665,658	\$(17,638)	\$ (8,125)	\$ 0	\$ 0

SECTION III
Other Accompanying Information



U.S. ELECTION ASSISTANCE COMMISSION
1335 EAST-WEST HIGHWAY, SUITE 4300
SILVER SPRING, MD 20910

OFFICE OF THE INSPECTOR GENERAL

Memorandum

To: Christy A. McCormick
Chairwoman, U.S. Election Assistance Commission

From: Patricia L. Layfield
Inspector General

Date: November 5, 2019

Subject: Top Management Challenges Facing the U.S. Election Assistance Commission
Report No. I-MC-EAC-03-20

In accordance with the Reports Consolidation Act of 2000, I am submitting our annual statement summarizing the areas which the Office of Inspector General considers to be the most serious management and performance challenges facing the U.S. Election Assistance Commission. This list is based upon our audit, inspection and evaluation work and general knowledge of the Agency's operations.

The only remaining challenges from prior years are the issue of records management, on which EAC has completed several key initiatives, and the continuing effects on EAC of the declaration of election systems as critical infrastructure. We noted the progress that EAC has made on the records management issue. For fiscal year 2019, I am reporting a new challenge: vacancies in key Agency positions.

If you have any questions or need additional information, please don't hesitate to contact me.

Attachment

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

Introduction

The Reports Consolidation Act of 2000 requires the Office of Inspector General (OIG) to report annually on what it considers to be the most serious management and performance challenges facing the U.S. Election Assistance Commission (EAC). Management challenges are derived from cross-cutting issues that arise during our regular audit, evaluation and investigatory work. They are also influenced by our general knowledge of the Agency's operations and the works of other evaluative bodies such as the Government Accountability Office (GAO).

For fiscal year 2019, the OIG is reporting on two challenges, Records Management and Elections Systems as Critical Infrastructure that we have reported in prior years. We have added one additional challenge for 2019, key Agency vacancies.

Challenge 1: Vacancies in Key Agency Positions

The Help America Vote Act (HAVA) mandated the appointment of an Executive Director and a General Counsel for terms of four years each. The Commission appointed an Executive Director and General Counsel on October 22, 2015. The four year terms of the person in each of those positions ended on October 22, 2019, and the positions became vacant, effective October 23, 2019. In addition, EAC's part-time Grants/Financial Expert resigned, effective September 30, 2019.

On October 19, 2019, the Commission approved a Succession Plan. Under the plan, the Commissioners identified the positions of General Counsel (as required by HAVA), then Chief Operating Officer, who would become Acting Executive Director in the event that the Executive Director position became vacant. As of the date of the Executive Director's departure, both of those positions were vacant. In the interim, based on the Commission's approved Succession Plan, the Chief Information and Security Officer has added to her existing duties those of Acting Executive Director. EAC is also working to obtain legal counsel on an interim, reimbursable basis while the Agency conducts a recruitment process.

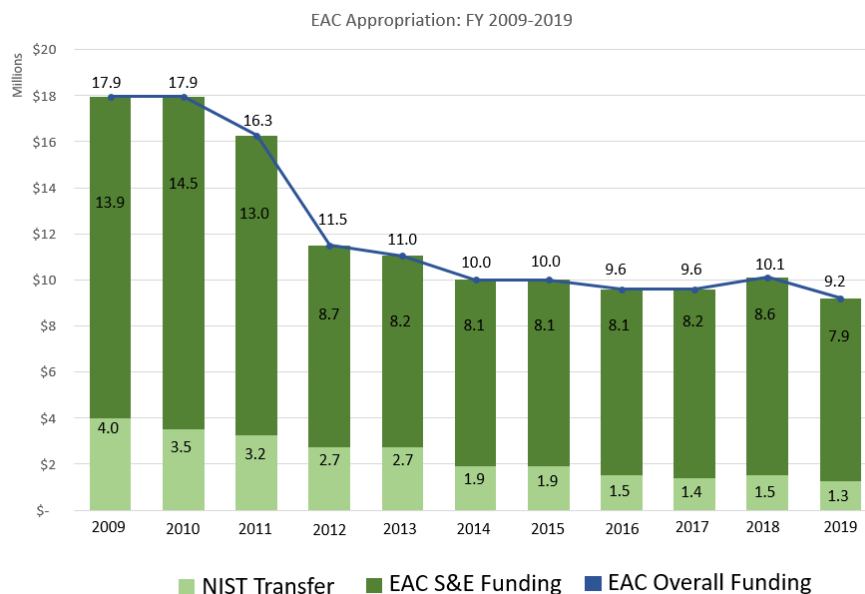
EAC posted job announcements on USAJobs.gov for both the Executive Director and General Counsel positions. Both announcements are slated to close on November 28. EAC and its Human Resources service provider will screen, prepare, and refer qualified applicants for the Executive Director position to the Executive Director Search Committees of the Standards Board and Board of Advisors. Under HAVA, the Commission is required to consider recommendations from the Search Committees. Although the Commission is not bound by those recommendations, they carry great weight in the Commission's deliberations.

HAVA does not require the Commission to obtain similar recommendations from its advisory boards to hire a General Counsel. EAC expects the Commission to begin interviews once they identify qualified applicants.

Before the previous Executive Director’s departure, EAC began a recruitment for a full-time grants expert to replace and expand upon the role of the Grants/Financial Expert. The Agency identified several promising candidates and expects to bring the grants expert on board by late November or early December.

Challenge 2: Elections Systems as Critical Infrastructure – Originally Issued 2017

Citing the vital role elections play in the country, the Department of Homeland Security (DHS) designated elections systems as critical infrastructure in January 2017. EAC possessed the subject matter expertise, the relationships with state and local elections officials, and the in-depth understanding of local election operations necessary to provide much-needed support to DHS in implementing that designation. As such, EAC has played a key role in helping DHS understand the elections sub-sector. The agency has also used its communication channels with state and local elections officials to educate officials and the public on critical infrastructure concepts, roles, responsibilities and DHS’ capabilities to apply cybersecurity intelligence to hardening the nation’s elections systems against intrusion, disruption, and loss. As the nation’s clearinghouse for election administration information, EAC has taken on the challenge of supporting DHS and state and local elections administrators as a crucial partner in securing the election infrastructure. EAC has struggled to balance that additional role with its existing mission functions despite limited human and financial resources that have steadily decreased over the past few years due to decreases in appropriations.



EAC’s role in supporting the protection of election systems as critical infrastructure has evolved into an integral function within its clearinghouse mission. For example, EAC is a member of the

Government Coordinating Council (GCC) and serves as a distribution channel to state and local officials.

However, EAC's salaries and administration appropriation has not grown in a manner that reflects the mission-related duties the Agency assumed upon the designation of elections systems as critical infrastructure. Early on, EAC functioned as a liaison between the DHS and state and local election officials. Although that particular role has declined, the EAC's clearinghouse function continues to provide publications, training, and other materials and services to assist election officials in understanding and addressing election security, including cybersecurity. Funding constraints have also stymied EAC's plans to hire a cybersecurity expert to advise the Agency on cybersecurity matters for its internal systems and processes as well as external demands, such as those related to the clearinghouse mission.

The only recent increase in EAC's budget was a one-time increase of \$400 thousand in fiscal year 2018, the year in which EAC received an appropriation of \$380 million for Congressionally-directed formula grants to states and territories. EAC awarded and paid all of those grants in 2018 and continues to monitor states' usage of the funds and provide related guidance. However, in the year after the grant funds appropriation, EAC's salaries and administration budget fell to \$7.9 million, which was less than the Agency had been receiving in annual funding before the designation of election systems as critical infrastructure or the appropriation of additional grant funding.

Challenge 3: Records Management – Originally Issued 2010

Maintaining complete and accurate records of the operations, policies, procedures and practices are critical to effective agency performance. Furthermore, retention of government records is mandated by federal law. Without these records, an agency cannot retain an institutional knowledge.

At the time the OIG originally raised this issue as a significant challenge, EAC did not have formal documented policies and procedures for management and retention of records. The OIG first noted the EAC's lack of a records management system in 2008, when it issued the Assessment of EAC's Program and Financial Operations.

The lack of an approved system for records retention leaves the EAC vulnerable to lawsuits by information requesters and susceptible to waste, fraud, or abuse of its resources and the intentional destruction of government records in violation of federal law. The OIG recommended that EAC complete its remaining records retention schedules, obtain approval of those schedules as needed from the National Archives and Records Administration (NARA), and train its staff on the proper retention of federal government records.

EAC's Progress

In March 2013, the Executive Director of EAC signed a document titled, U.S. Election Assistance Commission (EAC) Records Management Standard Operating Procedures. EAC has completed the records retention schedules for the Office of Inspector General, Human Resources, the Executive Director, the Commissioners, the General Counsel, the Chief Financial Officer, and Grants and Communications and submitted the schedules to the National Archives and Records Administration (NARA) as needed.

During 2018, EAC implemented a new e-mail system with automated indexing that allows the Agency to index, search, and retrieve records electronically. EAC has also identified means by which the Agency can convert or capture records created using previous e-mail systems. EAC's Chief Information Officer completed the task to configure electronic records retention. EAC has scanned paper copies of records and saved them in portable document format (PDF). EAC has coordinated with the NARA to provide training for all employees. The Agency believes retention of electronic records is on schedule to comply with the required 2019 deadline.

EAC adopted the Capstone approach for e-mail retention and submitted the form required by that approach (NA-1005) for approval by NARA. Capstone offers agencies the option of using a more simplified and automated approach to managing email, as opposed to using either print and file systems or records management applications that require staff to file email records individually. Using this approach, an agency can categorize and schedule email based on the work and/or position of the email account owner. The Capstone approach allows for the capture of records that should be preserved as permanent from the accounts of officials at or near the top of an agency or an organizational subcomponent.

The records schedule for Testing and Certification and Research have been submitted to NARA for review and approval. The Agency implemented appropriate markings for email communications that may transmit documents that contain controlled unclassified information. A uniformed naming convention has been defined but has not been yet been deployed. As of September 30, 2019, EAC was awaiting final NARA approval of the submitted documents.



U.S. Election Assistance Commission
1335 East-West Highway, Suite 4300
Silver Spring, MD 20910

MEMORANDUM

Date: November 18, 2019

To: Patricia L. Layfield, Inspector General

From: Mona Harrington, Acting Executive Director

RE: Response to Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Election Assistance Commission

The EAC concurs with the Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Election Assistance Commission, dated November 5, 2019.

The U.S. Election Assistance Commission (EAC) is a trusted, proactive, and responsive bipartisan federal commission that supports state and local officials in the administration of elections and promotes voter participation. Established by the Help America Vote Act of 2002 (HAVA), EAC serves as the nation's clearinghouse for information on election administration, conducts the Election Administration and Voting survey, develops and manages the Voluntary Voting System Guidelines, accredits testing laboratories, certifies voting systems, administers and audits HAVA funds, and administers the National Mail Voter Registration form, in accordance with the National Voter Registration Act of 1993.

Despite the EAC's critical mission outlined above, the EAC budget continues to decline. We strongly believe that EAC's activities and research provide incomparable and invaluable data that neither can be replicated nor replaced elsewhere in the federal government. Over the last year, EAC Commissioners and staff have provided written and oral testimony raising these challenges with Congressional oversight and appropriations committees in addition to providing programmatic justification to acquire additional funding for FY2020. Over the last ten years, the EAC's budget has decreased by 50%. Notably, in FY 2019, the EAC received its lowest appropriation with an operating budget of \$7.95 million, which was \$650,000 less than FY 2018. The EAC's budget predominately covers salaries, Inspector General activities and mandatory operational expenses. The remainder of the budget leaves a limited amount of funds for hiring key personnel and program activities.

Entering the 2020 Presidential election year, the EAC's mission is more critical than it has ever been and current funding prevents the Commission from adequately expanding mission to meet the demand following the designation of elections as critical infrastructure. In January of 2017, the Department of Homeland Security (DHS) designated the nation's election administration infrastructure as part of the Nation's Critical Infrastructure, and federal resources for protecting

this infrastructure are being developed in accordance with the National Infrastructure Protection Plan. The EAC requires additional resources to appropriately assist election officials impacted by this designation and enhanced security challenges posed by foreign adversaries.

In conclusion, investment in the EAC to support effective and secure elections and the funding of programs can no longer be ignored. The EAC has a proven track record of effectiveness serving the election community and the American people. The need for increased funding cannot be understated. We are hopeful the President and Congress can work together to acknowledge the importance of the EAC's mission and adequately fund the Commission going forward.

III.B. IMPROPER PAYMENTS

The Improper Payments Act requires each Federal agency to assess all programs and identify which, if any, may be subject to high risk with respect to improper payments. For Fiscal Year 2019, the EAC does not believe that it has any programs where the erroneous payments could exceed 2.5 percent of program payments or \$10.0 million threshold (set in OMB Guidance) to trigger further agency action.

III.C. SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

SUMMARY OF FISCAL YEAR 2019 FINANCIAL STATEMENT AUDIT						
Audit Opinion		Unmodified				
Material Weaknesses		Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Accounting & Reporting		0				0
Total Material Weaknesses		0				0
Summary of Management Assurances						
Statement of Assurance (FMFIA § 2)		Unmodified				
No.	Summary	Beginning Balance	New	Resolved	Consolidated	Ending Balance
1	Material Weaknesses (FMFIA § 2)	0				0
	Total	0				0

