



# **U.S. ELECTION ASSISTANCE COMMISSION**

## **AGENCY FINANCIAL REPORT**

**November 15, 2017**

ABOUT THIS REPORT

For FY 2017 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, and a Citizens' Report. 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, and a Citizen's Report, 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](http://www.EAC.gov).



**November 15, 2017**

## **MESSAGE FROM THE CHAIRMAN**

The U.S. Election Assistance Commission (EAC) is an independent bipartisan agency. The Vision of EAC is:

*For the Election Assistance Commission to be a service agency and the go-to resource on election information, best practices, data, technology, technical advice and assistance for election administrators, officials, and voters across America.*

EAC's mission:

*The Commission shall serve as a national clearinghouse and resource for the compilation of information and review of procedures with respect to the administration of Federal elections by –*

- (1) creating and maintaining voluntary voting system guidelines;*
- (2) providing for the testing, certification, decertification, and recertification of voting system hardware and software by accredited laboratories;*
- (3) periodically conducting and making available to the public studies regarding election administration issues;*
- (4) making payments to states to help them procure new voting equipment;*
- (5) developing and carrying out the Help America Vote College Program.*

*- Public Law 107-252*

Following is EAC's Fiscal Year (FY) 2017 Agency Financial Report. The report describes EAC's accomplishments, financial activity results during the past fiscal year, and efforts to strengthen internal controls and financial management activities.

This is the tenth year that the EAC has undergone a financial statement audit per the Accountability of Tax Dollars Act of 2002, and the ninth year that EAC has chosen the option available in the Office of Management and Budget Circular A-136, *Financial Reporting Requirements* to submit an Agency Financial Report and Annual Performance Report instead of the Performance and Accountability Report. EAC presents summarized performance data in this report, and will provide more detailed data in conjunction with the FY 2019 Congressional Budget Justification.

Fifteen years ago, on October 29, 2002, the Help America Vote Act was signed into law to make sweeping reforms to the nation's voting process, including creation of Voluntary Voting System Guidelines, a national voting system certification program, and the U.S. Election Assistance Commission. Since its inception, EAC has:

- Issued 54 voting system certifications, including 10 full systems that remain certified, 16 systems that have been terminated, and 28 system modifications;
- Conducted manufacturing facility audits, quality assurance audits of voting system manufacturers, and formal and informal investigations of voting systems in the field;
- Accredited voting system test laboratories;
- Drafted, approved, and implemented two versions of the Voluntary Voting System Guidelines and are near completion of adopting the next generation standard that will inspire innovation and result in cost savings;
- Awarded, monitored, and audited state HAVA grants totaling nearly \$3.3 billion for election administration and voting system modernization;
- Administered discretionary grant programs for Mock Election and College Poll Worker programs, Data Collection grants, Accessible Voting Technology innovations with Military Heroes Voting Grants aimed at improving voting technology and processes for recently injured military personnel, and the Pre-Election Logic and Accuracy Testing and Post-Election Audit Initiative;
- Created, administered, and reported the biennial Election Administration and Voting Survey for all federal elections, issuing reports and data sets for each survey year, including 2016;
- Created and maintained a clearinghouse for election information including 19 EAC Election Management Chapters, 21 Quick Start Guides, 15 Quick Tip Guides, Voter's Guides, and educational materials in several languages and Braille to assist voters, conducted original research, and facilitated collection of best practices;
- Brought together state and local election officials, academics and voter advocates for a series of roundtables, webinars, Election Data Summits, Language Accessibility Summits, and a Future of Voting Symposium with the U.S. Department of Commerce National Institute of Standards and Technology (NIST); and
- In preparation for the 2016 Presidential Election cycle, EAC created the "BeReady16" election initiative designed to help election administrators prepare for and administer the 2016 elections by providing a host of resources, including public forums, events, videos, training materials, best practices, webisodes, toolkits, and other administrative resources.

On September 8, 2016, EAC hosted a Public Meeting to review contingency planning and security preparations for Election Day. The panel featured the Louisiana Secretary of State, the West Virginia Secretary of State, Professor Merle King from the Center for Election Systems at Kennesaw State University, the Pro V&V Laboratory Director, and the Virginia Elections

Commissioner. The meeting also featured information about the EAC's Election Worker Competition and National Voter Registration Month.

Later that month, on September 15, 2016, the EAC and the National Institute of Standards and Technology (NIST) hosted a meeting of the EAC's Technical Guidelines Development Committee (TGDC). TGDC is a HAVA-mandated committee charged with assisting EAC's Voluntary Voting System Guidelines (VVSG) development efforts. TGDC is composed of 14 other members appointed jointly by EAC and the Director of NIST, who is the chairperson of TGDC. During this session, working and constituency groups provided updates on activities associated with development of next iteration of the VVSG.

EAC started its Fiscal Year (FY) 2017 activities with a Public Hearing on December 15, 2016. The hearing featured a debrief on the 2016 Federal Election from the National Association of Secretaries of State (NASS), election officials from North Carolina and Rhode Island, advocacy groups and the U.S. Department of Defense Federal Voting Assistance Program (FVAP). The meeting also focused on the 10<sup>th</sup> anniversary of EAC's Testing and Certification program, and featured testimony from election system manufacturers and the head of the EAC's Testing and Certification Program.

During FY 2017, EAC took lessons gleaned from the 2016 Federal Election and turned its attention to strengthening resources and best practices in key areas such as cybersecurity, accessibility, and election administration efficiency.

In addition, EAC played a leading role in discussing election administration with the U.S. Department of Homeland Security (DHS) and coordinating DHS interactions with stakeholders impacted by DHS's January 2017 decision to designate election systems as part of the nation's critical infrastructure.

On January 16, 2017, then Chairman Thomas Hicks published an opinion article that underscored the importance of congressional support for election assistance. The piece noted EAC's efforts to enhance election-related cybersecurity, put federal voting rights at Americans' fingertips, tear down election-related language barriers, and ensure Americans have access to certified voting systems.

On January 31, 2017, EAC issued its mandated annual report, covering FY 2016 activities, to the Committee on House Administration of the House of Representatives and the Committee on Rules of the United States Senate.

On February 6, 2017, Commissioner Christy McCormick published an opinion piece detailing the importance of ensuring military and overseas voters have the ability to participate in elections.

On February 8, 2017, EAC's Testing and Certification Program certified the Democracy Suite 5.0 voting system manufactured by Dominion Voting. The system is the second full Dominion

Voting System certified as meeting federal standards and was the ninth overall Dominion certified system, including modifications.

The TGDC convened again on February 13 and 14, 2017, to discuss moving forward with the development of the next generation of the VVSG. The meeting featured presentations from election system testing experts, cybersecurity experts, election officials, advocacy experts, and TGDC board members.

EAC issued a fact sheet about how the Commission empowers voters with disabilities and the election officials who serve them. The fact sheet notes that more than 25 million Americans with disabilities are eligible to vote in the United States. This accounts for a broad range of disabilities, including mobility, communicative, physical, and cognitive impairments. This ever-growing population of voters also faces educational, cultural and political barriers that can make participating in elections even more difficult.

On February 27, 2017, I assumed the role of EAC Chairman and Commissioner Thomas Hicks became Vice Chair. I published an opinion article detailing the vision for my tenure, including a focus on strengthening cybersecurity, accessibility and election efficiency.

Also on February 27, 2017, EAC's Testing and Certification Program certified a modification to Election Systems & Software (ES&S) voting system EVS 5.4.0.0. The EVS 5.4.0.0 was the seventeenth ES&S voting system certified as meeting VVSG 1.1 federal standards, including modifications. On February 28, 2017, EAC's Testing and Certification Program certified modifications to ES&S voting system EVS 5.2.1.0.

EAC released a fact sheet about its testing and certification program on March 7, 2017. The resource described the program and how it is used to fulfill the mission of the Help America Vote Act.

On March 9, 2017, I published an opinion piece discussing the importance of voter list maintenance.

On March 14, 2017, EAC's Testing and Certification Program certified modifications to the Hart InterCivic Verity Voting 2.2.1 voting system.

On March 15, 2017, EAC issued a fact sheet about the Commission's Election Administration and Voting Survey (EAVS). Elections generate a tremendous amount of data that can be collected and analyzed to improve voter experience and guide how officials administer elections. All of this data is collected regularly by the thousands of jurisdictions that oversee elections across the country. Since 2004, EAC has captured and analyzed much of this data for all states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands via EAVS. Every two years, the Commission takes a deep dive into this wealth of data including information such as voter registration numbers, the number of votes cast for every race on a ballot, and where and when people cast their ballots - by mail, at an early voting location, from

an overseas military base, or at the polls. The end goal is to use this information to improve the way America votes.

On March 21, 2017, EAC turned its attention to providing state and local election officials with information about voter list maintenance. The Commission hosted a webcast moderated by myself, featuring the West Virginia Secretary of State, the Douglas County (Kansas) County Clerk, and the Bipartisan Policy Center staff. During this streamed event, panelists provided examples of successful state voter list maintenance approaches, offered best practices and examined tools available to help election officials improve the accuracy of voter registration rolls. They also discussed how election officials can measure the success of their efforts. The timing of the panel coincided with election officials across the nation preparing to conduct list maintenance in preparation for the next election cycle. Earlier in the month, on March 10, EAC also issued a new Fact Sheet on voter list maintenance.

On March 29, 2017, EAC's Testing and Certification Program certified a modification to Unisyn Voting Solutions, Inc.'s OpenElect Voting System 1.3.0.2.

On April 3, 2017, EAC launched a new website ([www.EAC.gov](http://www.EAC.gov)). The site better serves the needs of EAC's key audiences, including voters and the election officials who serve them.

I convened my first Public Hearing on April 4, 2017. The hearing focused on the Department of Homeland Security's January 2017 designation of election systems as part of the nation's critical infrastructure. Two DHS representatives provided an overview of the designation and next steps. A separate panel featuring the NASS President and Connecticut Secretary of State, Clay County (Florida) Supervisor of Elections, Weber County (Utah) County Clerk, Chicago Board of Elections Executive Director, and Colorado Secretary of State's Office Chief Information Officer addressed state and local reaction to the designation and steps DHS could take to clarify its intent.

On April 24, 2017, EAC's three commissioners published a joint opinion piece previewing the Commission's upcoming Standards Board meeting and the importance of assisting military and overseas voters.

From April 27 to April 28, 2017, EAC convened its Standards Board in San Antonio, Texas. The Standards Board, like the TGDC, is mandated by the Help America Vote Act (HAVA). HAVA designates a 110-member Standards Board to assist EAC in carrying out its mandates under the law. The Board consists of 55 state election officials (the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands) selected by their respective chief state election official, and 55 local election officials selected through a process supervised by the chief state election official. EAC Commissioners; state and local election officials; and EAC staff and staff representing DHS, NIST, FVAP, Department of Justice, Google all presented at this meeting. Board members who are also on the TGDC provided a status of the Committee's work to the Standards Board. The Board unanimously approved the 17 core functions at the

heart of the new VVSG. On April 26, those attending the meeting visited to the Wounded Warrior Treatment Center at Fort Sam Houston and the Bexar County Election Office.

On May 11, 2017, EAC launched a “CI Scoop” blog to provide a forum for sharing information about DHS’s decision to designate election systems as part of the nation’s critical infrastructure.

The EAC’s three commissioners published a joint opinion piece on May 22, 2017. The piece discussed the EAC’s upcoming Board of Advisors meeting in Minneapolis and the importance of best practices, such as ensuring language access, ahead of elections.

On May 23 and May 24, 2017, EAC convened a meeting of the HAVA-mandated Board of Advisors in Minneapolis, Minnesota. HAVA designates a 37-member Board of Advisors to assist EAC in carrying out its mandates under the law. Membership on the Board of Advisors includes groups, as specified by HAVA, representing governors; mayors; state legislatures; secretaries of state; state election directors; county recorders, election officials and clerks; voter advocacy groups; federal agencies; and professionals in the fields of science and technology. The Commissioners and Board members heard reports from EAC staff, EAC commissioners, DHS, FVAP, the Overseas Voting Initiative, and Council of State Governments (CSG), NASS, staff from the U.S. Department of Justice, and Board of Advisors committees on the status of their work. On May 22, those attending the meeting visited the Minneapolis elections office and attended a discussion with the Minneapolis’s Assistant City Clerk and Director of Election and Voter Services.

On June 6, 2017, I issued a statement calling for full disclosure of election security intelligence that state and local election officials can use to better secure elections. The statement followed news reports that in the fall of 2016 a Russian-based hacker launched a phishing cyberattack targeting more than 100 local U.S.-based election officials. In the statement, I reiterated the Commission’s commitment to continue to

monitor potential threats and work with federal entities such as the Department of Homeland Security and the Federal Bureau of Investigation to provide information and services to state and local election administrators.

EAC convened its second Language Access for Voters Summit on June 6, 2017, at the Northern Virginia Community College. The summit was co-sponsored by the Democracy Fund Voice, a nonpartisan not-for-profit organization dedicated to helping America build a stronger, healthier democracy. Citizens for whom English is a second language may need language assistance when voting, such as having ballots and voting materials translated into their native languages. Federal law requires over 250 jurisdictions nationwide, to provide language assistance based on Census results. Panelists at the summit included election officials, voting rights groups, academics, and translation experts. Topics included federal legal requirements for language assistance, outreach to voters and community leaders, recruiting, training, and



retaining bilingual election workers, challenges with serving voters whose first language is not English, and, tools and best practices for effective language assistance.

EAC released “Starting Point: U.S. Election Systems as Critical Infrastructure” on June 20, 2017. The EAC white paper explores critical infrastructure and provides a good “starting point” for anyone who wants to learn about the issue. The paper describes the background and history of the critical infrastructure concept, describes the current state of critical infrastructure across the government, defines key terms, and provides a base of information designed to give readers what they need to navigate and understand critical infrastructure conversations.

On June 23, 2017, I published an opinion piece calling for a coordinated approach to election security.

On June 29, 2017, EAC released the 2016 Election Administration and Voting Survey (EAVS), the most comprehensive nationwide data about election administration in the United States. The survey is a deep dive into a wealth of election and voting data and includes findings such as an increase in registered voters since 2012, a growing number of Americans voting early, before Election Day, and a larger number of jurisdictions using technologies such as e-poll books. The 2016 EAVS included responses from all 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico and the Virgin Islands. Data is collected at the state and local level by county or county equivalent. EAVS was administered by a vendor overseen by EAC and in partnership with the Pentagon’s Federal Voting Assistance Program (FVAP). The Commission is supplementing EAVS with a series of “deep data dive” white papers that provide even more in-depth information about various parts of the survey’s findings.

EAC hosted a roundtable discussion entitled, “Election Innovations: Helping Veterans with Disabilities in the Voting Process,” on July 18, 2017. The discussion examined initiatives that improve voting accessibility for veterans with disabilities. The livestream event coincided with National Disability Voter Registration Week and the 27<sup>th</sup> anniversary of the Americans with Disabilities Act (ADA). Panelists underscored the importance of efforts to ensure accessible and independent voting for all Americans, including more than 3.9 million U.S. military veterans with service-connected disabilities. I moderated the panel which featured the Iowa Deputy Secretary of State, Virginia Department of Elections Absentee and Disabilities Coordinator, Paralyzed Veterans of American Associate Director of Advocacy, Information Technology and Innovation Foundation Vice President, and a staff member of the Bipartisan Policy Center. Later that month, on July 26, the commissioners issued a joint statement marking the 27<sup>th</sup> anniversary of the ADA.

Also on July 26, 2017, I published an opinion piece discussing the need to coordinate preparations to protect Federal Elections from potential cyber threats.

During the week of July 27, a two-day meeting hosted by EAC in coordination with DHS. National security and election stakeholders from across the nation addressed next steps in the process to incorporate elections as part of the country’s critical infrastructure. The meeting,

which took place at the Multi-State Information Sharing and Analysis Center in Albany, New York, preliminarily set the structure of the sector's coordinating council and established baseline understanding about information-sharing needs and processes.

On August, 14, 2017, EAC's Testing and Certification Program certified a modification to Dominion Democracy Suite voting system version D-Suite 5.0-A.

On August 16, 2017, EAC hosted a Public Meeting featuring a report from EAC's Executive Director, Brian Newby, and an update about the Commission's payments and grants work from EAC's grants director. The Public Meeting also included a cybersecurity update from the Cook County (Illinois) Director of Elections, who discussed the issue from a local perspective. The EAC's Inspector General also provided the Commissioners with an update regarding her activities. EAC's vendor discussed the 2016 EAVS.

Also on August 16, 2017, EAC released its Annual Grant Expenditure Report for FY 2016. The report documents the allocation and spending of funds established by the Help America Vote Act of 2002 (HAVA). The Commission reiterated during a public meeting held the same day that it has awarded more than \$3,248,946,231 in formula grants to the 50 states, American Samoa, the District of Columbia, Guam, the Commonwealth of Puerto Rico and the United States Virgin Islands. The formula is based on the voting age population in the most recent decennial census. The grant funds accrued an additional \$352,759,159 in interest, which was also available to the states, the District of Columbia, American Samoa, Guam, Puerto Rico and the Virgin Islands.

On August 17, 2017, EAC launched its second annual competition for election administration best practices. This year, EAC presented three awards in the categories of best practices related to voting accessibility; outstanding innovations in elections; and recruiting, training and retaining election workers.

On August 21, 2017, EAC helped to coordinate efforts to bring together the Elections Critical Infrastructure Working Group (ECIWG), a precursor to the Election Critical Infrastructure Government Coordinating Council, to meet for the second time to follow up on initial discussions that took place in Albany in late July 2017. ECIWG is comprised of national security and election stakeholders from across the nation. The working group is focused developing the election infrastructure subsector partnership framework to include national strategic objectives, governance guidance, information sharing protocols and other related partnership objectives. The meeting was held in conjunction with the Election Center National Conference and the National Association of State Election Directors Summer Conference in Orange County, California.

On August 23, 2016, EAC, in conjunction with DHS, hosted a Sector Coordinating Council listening session to provide election system vendors with information about the National Infrastructure Protection Plan partnership framework and how

non-governmental partners will participate in this effort going forward. The session included discussions about subsector developments to date, prospective roles within the partnership, and proposed activities moving forward. The meeting was also held in conjunction with the Election Center National Conference and the National Association of State Election Directors Summer Conference.

EAC announced on August 29, 2017, that Votem Corporation was officially registered to participate in the Commission's Voting System Testing & Certification Program. The designation followed an EAC determination that the Cleveland, Ohio-based company meets all requirements of the Commission's voting system certification Program Manual. The corporation is now permitted to submit voting systems for EAC examination and certification.

Throughout September, EAC conducted a "Registration =>Participation" campaign to highlight the importance to voters of registering to vote and keeping voter registration information such as place of residence current. The campaign included blogs, social media engagement, the release of new resources, and other innovative approaches to reaching EAC's key audiences.

TGDC reconvened on September 11 and September 12, 2017, to discuss and vote to approve the next generation of the VVSG. The committee adopted the VVSG 2.0. The structure of the new VVSG reflects modifications proposed by the election community, EAC, NIST and the TGDC, which is comprised of election officials, voting system manufacturers, disability experts, cybersecurity experts, technology experts, and other

key election stakeholders. The new guidelines are a nimble, high-level set of principles that will be supplemented by accompanying documents that detail specific requirements for how systems can meet the new guidelines and obtain certification. The supplemental documents will also detail assertions for how the accredited test laboratories will validate that voting systems comply with those requirements. The next step is to share the guidelines with members of EAC's Board of Advisors and Standards Board, who will review and provide comments on the approved guidelines. Following the board reviews, there will be a 90-day period for public comment on the guidelines.

On September 20, 2017, EAC released the first in a series of "deep dives" into election administration trends and voting behavior ahead of the 2018 election cycle. The brief focused on the impact of technology, methods of voter enrollment and list maintenance techniques on voter registration using data from the 2016 EAVS.

To round out its FY 2017 activities, EAC's Commissioners issued a resolution commending the efforts of local election officials and thousands of organizations around the country to promote National Voter Registration Day.

During FY 2017, EAC's programs were responsible for numerous accomplishments. The agency's organizational structure is aligned with five primary goals, including:

- **Learn and Communicate:** EAC helps election officials by collecting, analyzing, and communicating information related to election administration practices, techniques, and experiences.
- **Testing and Certification:** EAC helps election officials procure, understand, and use high quality voting equipment by testing and certifying vendor-created voting systems against EAC-created standards for security, functionality, and accessibility.
- **Help Americans Access and Engage in the Voting Process:** EAC helps to ensure that Americans are able to access and engage in the voting process, including but not limited to administering and maintaining the National Voter Registration Form.
- **Fund and Oversee:** EAC helps election officials procure modern election systems by distributing federal funds used for voting systems purchased by the states.
  
- **Operate Effectively:** EAC seeks to operate in a way that reflects its status as a high-performance organization.

Over the years, 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 Commission. The financial and performance data in this report is reliable and complete, with no material internal control weaknesses. The Commission provides an unmodified statement of assurance that the agency's internal control and financial management systems meet the objectives of the Federal Managers' Financial Integrity Act.

The Election Assistance Commission stands ready to continue assisting state and local election officials to help America vote.

Sincerely yours,



Matthew Masterson  
Chairman

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## SECTION I

### Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is presented in accordance with 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). The vision for the agency is:

*For the Election Assistance Commission to be a service agency and the go-to resource on election information, best practices, data, technology, technical advice and assistance for election administrators, officials, and voters across America.*

EAC's mission:

*The Commission shall serve as a national clearinghouse and resource for the compilation of information and review of procedures with respect to the administration of Federal elections by –*

- (1) creating and maintaining voluntary voting system guidelines;*
- (2) providing for the testing, certification, decertification, and recertification of voting system hardware and software by accredited laboratories;*
- (3) periodically conducting and making available to the public studies regarding election administration issues;*
- (4) making payments to states to help them procure new voting equipment;*
- (5) developing and carrying out the Help America Vote College Program.*

*- Public Law 107-252*

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 three 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 \$36.7 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 2017, the EAC had 23 full-time and four 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 elections reported by the states as available. 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 2017.

In FY 2015, the Senate confirmed three Commissioners appointed by the President. The three commissioners constitute a quorum. There is currently one Commissioner vacancy.



## FUNDING

### EAC Appropriation History Fiscal Years 2003 - 2017

(Dollars in Thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
<b>EAC</b>																
<b>EAC Salaries &amp; Expenses</b>																
Operations	2,000	1,674	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	138,297
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	36,688
<b>Election Reform Grants</b>																
Requirements Payments	830,000	1,491,150				115,000	100,000	70,000								2,606,150
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 Data Collection						10,000										10,000
<b>TOTAL EAC</b>	<b>835,000</b>	<b>1,492,824</b>	<b>13,888</b>	<b>14,058</b>	<b>16,263</b>	<b>141,530</b>	<b>123,959</b>	<b>92,959</b>	<b>16,267</b>	<b>11,500</b>	<b>11,037</b>	<b>10,000</b>	<b>10,000</b>	<b>9,600</b>	<b>9,600</b>	<b>2,808,485</b>
<b>GSA</b>																
Sections 101 and 102	649,500															649,500
Administrative Expenses	500															500
<b>TOTAL GSA</b>	<b>650,000</b>															<b>650,000</b>
<b>TOTAL EAC &amp; GSA</b>	<b>1,485,000</b>	<b>1,492,824</b>	<b>13,888</b>	<b>14,058</b>	<b>16,263</b>	<b>141,530</b>	<b>123,959</b>	<b>92,959</b>	<b>16,267</b>	<b>11,500</b>	<b>11,037</b>	<b>10,000</b>	<b>10,000</b>	<b>9,600</b>	<b>9,600</b>	<b>3,458,485</b>

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

2/ Carried forward to FY 2005

## Status of Help America Vote Act Authorization versus Appropriations

(in whole dollars)

	Authorized		Appropriated FYs 2003-2017	Remaining
<b>GSA (FY 2003)</b>				
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	-
<b>EAC (FY 2003 – 2016)</b>				
Requirements Payments (Section 251)	3,000,000,000	**	2,606,150,000	393,850,000
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)	178,335,000	2	178,335,000	-
Election Data Collection Grants	10,000,000	3	10,000,000	-
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
<b>Total</b>	<b>\$3,881,535,000</b>		<b>\$3,458,485,000</b>	<b>\$423,050,000</b>

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. It should be noted that EAC is in the process of revising its Strategic Plan and structure in accordance with government reform plan efforts. The new plan is scheduled for release with the FY 2019 Congressional Budget Justification. Until the new plan comes into effect, the current structure is presented for purposes of this section, and later in the Statement of Net Cost.

### Clearinghouse

Clearinghouse 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](http://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

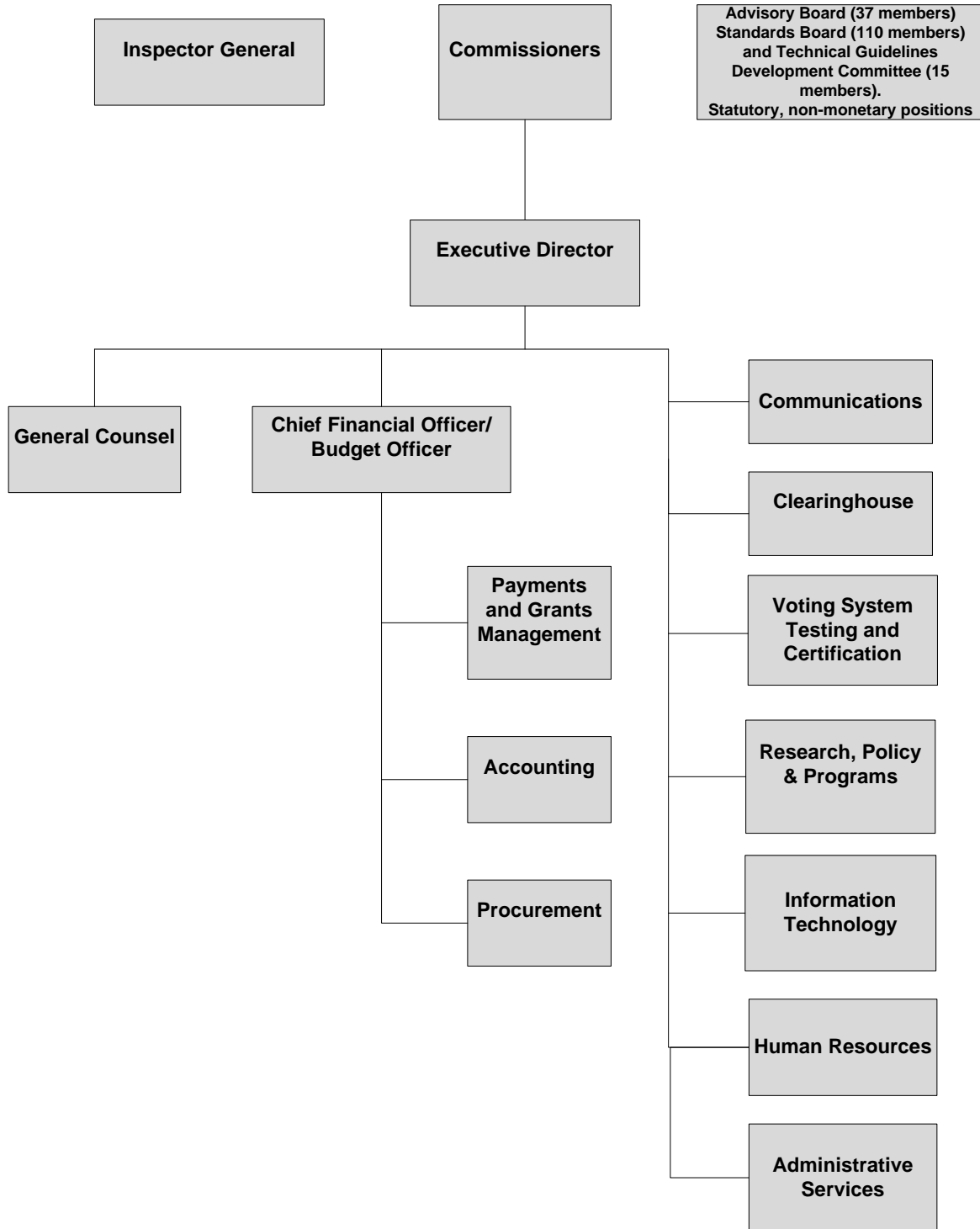
Under the Help America Vote Act, EAC is responsible for assisting states with improvements to voting systems through the distribution of Federal funds. EAC accredits voting system test laboratories and certifies voting equipment. Participation by states in the certification program is

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, EAC and NIST work together to update and implement voluntary testing guidelines for voting systems.

**ELECTION ASSISTANCE COMMISSION  
ORGANIZATION CHART**



## **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. A new five-year plan is under development in the governmentwide process of Strategic Plan revision. The new EAC Strategic Plan is scheduled for release with the FY 2019 Congressional Budget Justification in February 2019.

### **How EAC Assesses Performance**

The EAC objectives listed in each Performance Goal below describe in general terms the results needed to accomplish its goals. 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.

**Performance Goal 1: Help election officials administer elections by collecting, analyzing, and communicating information related to election administration practices, techniques, and experiences and related EAC services and operations and services.** The anticipated outcome of the goals is to provide Congress, Federal agencies, state and local election officials, and the public with reliable, accurate, and non-partisan information about the administration of Federal elections. The goal will be accomplished through three objectives: 1) operating the EAC clearinghouse effectively; 2) responding to outside requests about the EAC timely and accurately; and 3) conveying the results of the EAC's operations and accomplishments. Goal 1's aim of communication of timely and accurate information is the responsibility of Communications and Clearinghouse staff.

### **Goal 1 FY 2017 Accomplishments**

Building on the EAC's BeReady16 Campaign, a year-long campaign to help the Nation's election officials prepare for the 2016 general election, the EAC achieved its Learn and Communicate goal by proactively collecting resources, information, and data that helped election officials around the country navigate election day and the days that followed this year's unique election.

EAC's efforts focused on four major areas:

- (1) Cybersecurity,
- (2) Research and the release of the bi-annual Election Administration and Voting Survey
- (3) Accessibility, and
- (4) General Best Practices.

Please note that the areas of research, accessibility and best practices are described in Goal 3 in keeping with EAC's draft Strategic Plan. As mentioned earlier, the draft plan is going through a government-wide strategic plan revision process. The final plan will be presented in the FY 2019 Congressional Budget Justification. Corresponding changes will be made to the cost allocation model and other

## **Cybersecurity**

Cybersecurity of elections and of state and local election systems was the headline issue of FY17. Federal agencies, such as the Department of Homeland Security (DHS), reported attempts to affect the 2016 General Election by infiltrating the nation's election system through cyber-attacks. In order to best help the country prepare for, defend against, and investigate the potential effects of these attacks, EAC distributed best practices for cybersecurity and managing voting machines, conducted Information Technology (IT) training for election officials and administrators, and worked with DHS and state and local election officials to understand how to best leverage the DHS designation of elections infrastructure as "critical infrastructure."

Best practices are critical for election officials because the thousands of election jurisdictions with autonomous practices and procedures that make up the nation's election administration system need a central location to find examples of high-quality procedures and practices. This repository of information helps even the smallest jurisdictions, that may not have the resources needed to develop these practices themselves, operate effectively and efficiently.

To help election officials with cybersecurity in FY 2017, EAC distributed and posted to [www.EAC.gov](http://www.EAC.gov) best practices, checklists, and educational materials. For example, in the latter half of FY 2017, EAC created the "Glossary – Common Cybersecurity Terminology." This common set of cybersecurity terms helps election officials communicate with each other, the federal government, and educate their own staffs by creating a commonly understood set of terms for cybersecurity. Additional examples of EAC cybersecurity resources include, "Ten Things to Know About Managing Aging Voting Systems," and "Cyber Incident Response Best Practices."

EAC conducted IT training for election officials and administrators. EAC Commissioner Matthew Masterson and the Director of EAC's Testing and Certification Division conducted the training at the local level so that state and local election officials can have a better understanding of how to best manage and secure their IT systems. 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.

A DHS designation of infrastructure as "critical" can greatly increase federal resources provided to the owners and operators of that space's infrastructure. The elections designation encompasses election officials such as Secretaries of State and local election officials. The designation also means an increased federal presence in that area. The administration of elections has always been an area where federal presence and activity has controversial. In order to help election officials and DHS engage in a meaningful way and to help ensure that those who could benefit from federal resources are aware and able to access them when they need them,



EAC brought election officials and DHS together and facilitated conversations that all parties agreed were beneficial. Additionally, EAC has produced educational materials – a white paper, presentations, and blog posts – for election officials so that they can engage in the conversations around and understand the critical infrastructure designation and its affects in a robust manner.

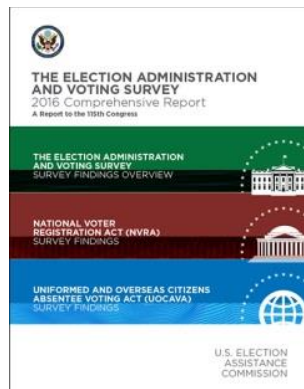
EAC highlighted some of this work and convened election officials whose practices were good models for the rest of the country at public meetings in FY 2017. As an essential part of EAC’s charge to be a clearinghouse of information, these public meetings convene experts, allow for testimony on issues, and allow EAC to communicate with its broad audience of more than 8,000 election officials around the country. EAC webcast these meetings and posts recordings of them to [www.EAC.gov](http://www.EAC.gov) so that the valuable information from testimony of witnesses can be accessed in the future. Two meetings in particular helped the country with cybersecurity of elections: an April 4, 2017 public hearing examining DHS’s decision to designate election systems as part of the nation’s critical infrastructure ,and an August 16 public meeting that focused on cybersecurity at the local level. At both of these meetings, experts testified to cybersecurity issues so that those securing the nation’s election systems could learn from their experiences and their knowledge.

Cybersecurity is a fast-moving field in which election officials must be proficient. While EAC and election officials have known this for some time, the 2016 general election demonstrated this to the general public. In FY 2017, EAC has dedicated time and resources to effectively help election officials secure their systems, train their staffs, and interact in a meaningful manner with new federal resources.

### **Media Outreach and Produced Reports**

In FY 2017, EAC distributed 33 press releases, 10 media advisories, and four fact sheets. The Commission placed 11 original opinion pieces authored by commissioners, including placements in several widely read newspapers. EAC produced the following original documents:

- Annual Report
- 2016 Election Administration & Voting Survey



- Starting Point: U.S. Election Systems as Critical Infrastructure (White Paper)
- Common Cybersecurity Terminology (Glossary)

## WEBSITE

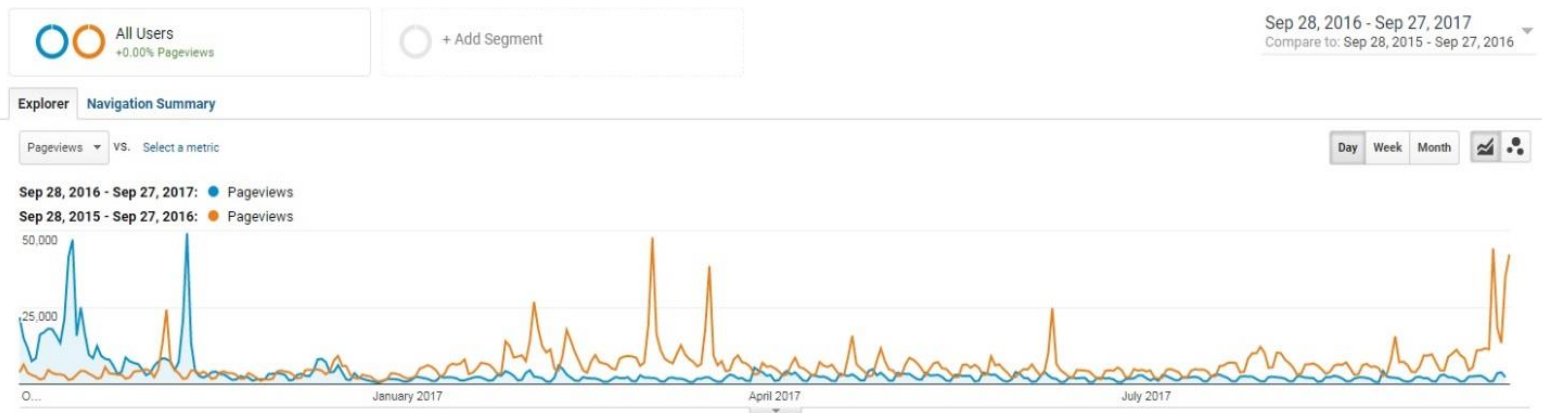
In FY 2017, 506,335 unique visitors accessed the site 597,146 times consuming 1,290,243 pages – an average of 2.16 pages per session. This represents a 48.63 percent decrease in unique visitors, a 47.15 percent decrease in overall sessions, and a 43.53 percent decrease in number of pages viewed, in comparison to the same time period in FY 2016.

The decreases should not be taken as an indication of a static website or a decline in interest in www.EAC.gov content. The top 10 days for site traffic over the last two fiscal years demonstrate that our web traffic is closely tied to the election cycle.

The three days that resulted in our highest spike in traffic, in order, were:

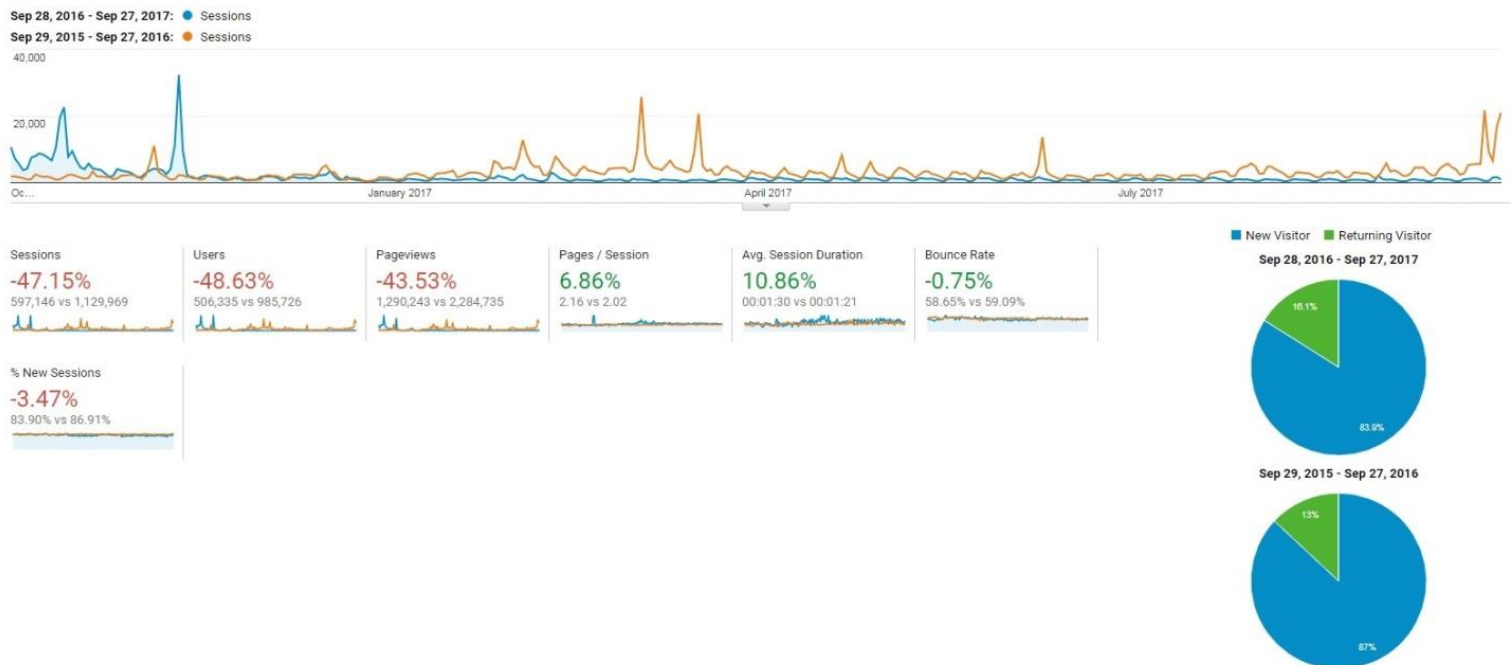
- Election Day 2016,
- Super Tuesday and
- the deadline to register to vote for the 2016 Presidential election.

Two of those days (October 11, 2016 and November 8, 2016) fell within FY 2017 while the remaining eight days that the site saw the largest flux in traffic were all primary elections that fell within FY 2016:



Overall, **our returning audience is growing and spending more time on the site.** In FY 2016, 87 percent of online users coming to www.EAC.gov were new and 13 percent were returning. In FY 2017, 83.9 percent of online users coming to the website were new, and 16.1 percent were returning. Online users who navigated to www.EAC.gov in FY 2017 consumed on average 2.16 pages per session, a 6.86 percent increase over FY 2016 when online visitors consumed 2.02 on average. The average session duration increased as well. The average time users spent on the site overall was 1 minute 30 seconds in FY 2017 versus 1 minute 21 seconds in FY 2016. The “bounce rate,” or percentage of users who accessed the site and then immediately navigated away without

having any interaction with the content, was at 59.09 percent in FY 2016. This too has decreased to 58.65 percent in FY 2017. Following are graphic representations of the website traffic data:



There was also a **growing audience of users who came back to the site once a week or more**, compared to FY 2016. In FY 2017, 8,142 users, comprising 1.36 percent of our audience, visited www.EAC.gov 50 times or more during that year, and viewed 42,575 total pages, or an average of 19.12 pages per visit. This is up from FY 2016 when 7,354 users, comprising 0.65 percent of our audience, who visited the website 50 times or more during that year, and viewed 34,688 total pages, or an average of 21.2 pages per visit. This increase reflects on the wealth of data EAC can provide to relevant audiences.

The value of EAC as a source to those “in the know” about the agency and its brand is also evidenced by its referral traffic. **The top way online users get to EAC is through directly entering the URL into their browsers.** Direct search accounted for 36.25 percent of traffic in FY 2017 and 39.39 percent of traffic in FY 2016. This closely followed organic (user-initiated) traffic, which indicates the organization has a healthy, good blogging strategy, a dynamic site with new content, and high profile sites such as DMV.org, NPR.org and state websites from across the country linking to EAC resources.

**A major referrer of note is email.** Email accounted for 0.04 percent of referral traffic in FY 2016. **In FY 2017, email drove 13.13 percent of all visits to EAC’s website.** The last email distributed that drove this kind of traffic was sent out in April 2017. Going forward, the agency will look back on that model and work to resume it in FY 2018.

The EAC’s **social media (“social”) channels are also driving an increasing percentage of traffic** to the agency’s website. Social drove 2.57 percent of all sessions in FY 2017, compared with 1.29 percent of all sessions in FY 2016, a 5.12 percent increase. It is also worth noting that users who came to www.EAC.gov in FY 2017 via the organization’s Facebook or Twitter accounts **consumed**

**more pages and stayed on the site longer** once they were there, both compared to FY 2016 and compared to these site averages overall.

In FY 2017, users referred to the site via social media consumed an average of 2.31 pages and spent an average of 2 minutes and 24 seconds on the site. In FY 2016 users referred via social media consumed an average of 1.91 pages and spent 1 minute 22 seconds on the website. This indicates that EAC's social media activity is capturing our target audience and driving people with a genuine interest in the agency's content to the site. Three voter resource pages were the top drivers of the site's traffic:

- [www.eac.gov/voter\\_resources/ive\\_moved\\_recently\\_can\\_i\\_still\\_vote.aspx](http://www.eac.gov/voter_resources/ive_moved_recently_can_i_still_vote.aspx) (10 tips for voters)
- [www.eac.gov/voter\\_resources/register\\_to\\_vote.aspx](http://www.eac.gov/voter_resources/register_to_vote.aspx) (national mail voter registration form in 9 languages)
- [www.eac.gov/voter\\_resources/contact\\_your\\_state.aspx](http://www.eac.gov/voter_resources/contact_your_state.aspx) (50 state and U.S. territories voter information map)

**October 11, 2016, Deadline to Register to Vote for Presidential Election** – [www.EAC.gov](http://www.EAC.gov) saw 22,625 unique sessions, resulting in 47,048 pageviews in one day, a huge spike in traffic from the days preceding and following it. 56.41 percent of those users came to the site as a result of organic search. 12.43 percent of users came to the site as a result of a direct search. 30,175, or 64.14 percent, of those pageviews were due to the three voter resource pages referenced above.

**November 8, 2016, Election Day** – [www.EAC.gov](http://www.EAC.gov) saw 32,290 unique sessions, resulting in 49,178 pageviews in one day, a huge spike in traffic from the days preceding and following it. 66.03 percent of those users came to the site as a result of organic search. 11.93 percent of those users came to the site as a result of direct search. Election Day was an outlier because just 9,602, or 19.53 percent, of those pageviews were due to the three voter resource pages referenced above. The biggest driver of traffic that day, comprising 43.83 percent of all pageviews, was EAC's Korean translation page: <https://www.eac.gov/translations/korean/default.aspx>.

## FACEBOOK

Our **total Facebook page Likes have grown** from 302 total page Likes at the beginning of FY 2017 to 776 as of this writing, representing a growth of 474 followers. In comparison, EAC's Facebook page began FY 2016 with 42 followers and ended with 302, a growth of 260 followers.

**Organic reach, reactions, comments and shares have also increased** compared to FY 2016. EAC's Facebook averaged 11 reactions, five shares and one comment per post in FY 2017, compared to five reactions, two shares and no comments in FY 2016.

## TWITTER

EAC'S **Twitter following was 4,868 at the end of FY 2017**, up from 3,391 followers at the end of

FY 2016. EAC **Tweeted 1,454 times in FY 2017**. Banner months for the account were May 2017 when it secured 4,391 new followers and February 2017 when the agency’s Tweets received a combined 256,000 impressions.

Our top Tweet during FY 2017 was on Election Day. The following Tweet received over 20,200 impressions, five shares, 40 re-Tweets, and 30 Favorites:

**Nov 2016** • 30 days

---

TWEET HIGHLIGHTS

**Top Tweet** earned 20.2K impressions

Look up your reg status, polling place or election official contact info here:  
[go.usa.gov/xkutm](http://go.usa.gov/xkutm) **#beready16**  
**#ElectionDay**

↩ 5   ↻ 40   ❤ 30

[View Tweet activity](#)   [View all Tweet activity](#)

Another top Tweet was on National Voter Registration Day. The following Tweet received over 10,500 impressions, two shares, 70 re-Tweets, and 60 Favorites:

**Sep 2017** • 27 days so far...

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TWEET HIGHLIGHTS

**Top Tweet** earned 10.5K impressions

Today is the Day! If you haven't yet make sure to register to vote: [bit.ly/2wdXCeV](http://bit.ly/2wdXCeV)  
**#NationalVoterRegistrationDay** **#NVRD**  
**#GamePlan17** [pic.twitter.com/dd4FYJ3tLi](http://pic.twitter.com/dd4FYJ3tLi)



↩ 2   ↻ 70   ❤ 60

[View Tweet activity](#)   [View all Tweet activity](#)

Our top mention on Twitter during FY 2017 came in December 2016 from a research analyst at Bloomberg BNA, which received over 11,100 engagements, 47 shares, 712 re-Tweets, and 572 Favorites:

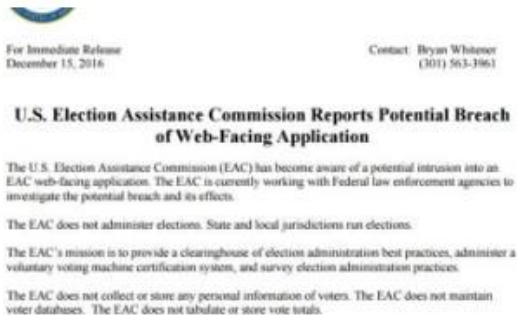
**Top mention** earned 11.1K engagements



**Anna Massoglia**

@annalecta · Dec 15

Just In: US Election Assistance Commission reports that the FBI is conducting criminal investigation into potential @EACgov breach. [pic.twitter.com/1qUBYIWh8V](https://pic.twitter.com/1qUBYIWh8V)



↩ 47 ↻ 712 ❤ 572

[View Tweet](#)

Another top mention came in June 2017 from a cybersecurity reporter at POLITICO, which received 1,710 engagements, 235 Favorites, 144 re-Tweets and six shares.

## YOUTUBE

During FY 2017, EAC posted 60 videos to its YouTube channel.

## **Federal Advisory Committee Act (FACA) Activities**

EAC managed the successful completion of the Congressionally-mandated Annual Comprehensive Review Report to Congress for Fiscal Year 2017, and published Sunshine Act Notices in the *Federal Register* for the Federal Advisory Committee Meetings (the boards and TGDC).

## **Freedom of Information Act (FOIA) Activity**

Clearinghouse staff completed 23 FOIA requests for during FY 2017.

**Performance Goal 2: Help election officials procure modern election systems by distributing federal funds used for voting systems purchased by the states.** The anticipated outcome of the goal is for the states and other recipients to promptly and accurately receive Federal funds administered by EAC, and use the funds appropriately to improve the

administration of elections for Federal office in accordance with HAVA. The goal will be achieved via three strategic objectives: 1) accurately and timely disburse Federal financial assistance administered by EAC, 2) effectively monitor Federal financial assistance administered by the Commission, and 3) provide technical assistance and guidance on the management of Federal financial assistance administered by EAC to reduce the risk of inappropriate use of funds and accounting errors. Goal 2's aim of delivering and managing Federal funds effectively is the responsibility of the Payments and Grants Management division and the Office of the Inspector General (OIG).

### **Goal 2 FY 2017 Accomplishments**

In FY 2017, the Payments and Grants Management Division disbursed a net total of \$1,967,436 of Section 251 Requirements Payments to one State that requested funds and that certified compliance with the provisions of HAVA. 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.

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. States may also use Requirements Payments to improve the administration of Federal elections once they certify that the State has implemented the requirements of Title III or they certify they will use only up to a "minimum payment" amount for the administration of federal elections as defined by HAVA.

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 2017, staff made pre-audit technical assistance visits to four states, and conducted remote technical assistance to seven 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 three states, and resolves any issues identified in state OMB Circular A-133 single audit reports. The division reviewed 2017 Draft Audit Reports conducted by the EAC's Inspector General for four states, and provided support to states as needed throughout the audit process.

During FY 2017, staff reviewed 85 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, 2016 was used to compile the annual grant expenditure report during FY 2017. The report is available on [www.EAC.gov](http://www.EAC.gov).

**Performance Goal 3: Identify and develop information on areas of pressing concern regarding the administration of elections for Federal office; issue recommended improvements, guidance, translations, and best practices as required by HAVA; and help to ensure that Americans are able to access and engage in the voting process, including but not limited to administering and maintaining the National Voter Registration Form created by the National Voter Registration Act (NVRA).**

The anticipated outcomes for this goal are: 1) that the elections community and other key stakeholders may improve the administration of elections for Federal office based on having pertinent, impartial, high-quality information, recommendations, guides, and other tools on election and voting issues, and 2) that the National Mail Voter Registration Form is available to citizens to register to vote, register with a political party, or report a change of name, address, or other information.

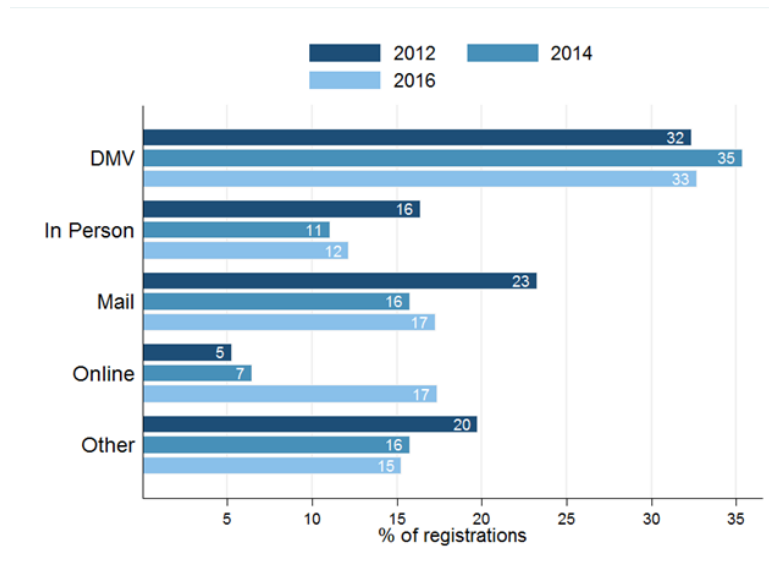
Goal 3 consists of three strategic objectives: 1) collect and release data on certain election administration practices, on various voting methods and on various voting practices that are useful and required by HAVA; 2) administer programs and release information which provides timely and useful guidance to election officials and voters; and 3) administer the National Mail Voter Registration Form.

### **Goal 3 FY 2017 Accomplishments**

#### **Research**

EAC administers the most comprehensive survey on data and practices concerning the administration of U.S. elections on a bi-annual basis, the Election Administration and Voting Survey (EAVS). The survey contains data from all fifty states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands, with more than one million data points. EAVS provides a data set as well as conclusions relating to the data that are used 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. Following is a chart in EAVS on the source of new voter registration forms in 2016:





EAC finished and published the most recent version of EAVS in June of 2017. The publication was the result of a multi-year effort, and the agency is proud to present it. EAVS is a high-quality, comprehensive survey that provides an in-depth understanding of how elections are being administered in the United States. Researchers are using the data collected to produce informational research on U.S. elections, and EAC is building products on top of the data. Examples of these products include EAC’s EAVS Deep Dives. The Deep Dives are a series of white papers that EAC creates after examining EAVS data, examining it for trends and information, and presenting the findings. Each Deep Dive focuses on an individual trend in the data, and presents the information in a non-partisan, easy-to-understand format. An example is the EAVS Deep Dive on Voter Registration. EAC publishes these papers on [www.EAC.gov](http://www.EAC.gov) so that the agency’s stakeholders can easily access them. EAC is also producing fact sheets for each state for another easy-to-digest and granular resource based on EAVS data. EAC plans to publish these fact sheets soon.

Accessibility

Accessibility of elections and the voting process is a major component of EAC’s charge to collect and distribute information on election administration. Millions of Americans with disabilities and voters with limited English proficiency go to the polls every election, and election officials must ensure that they can access the polls and can vote independently and with privacy. To help election officials ensure this, EAC focuses clearinghouse resources to help election officials understand and discuss best practices.

In FY 2017, EAC carried the accessibility charge by holding two events where best practices were presented, discussed, and distributed by experts in their fields. First, EAC held the Language Access for Voters Summit on June 6, 2017. EAC and its partner held the full-day conference where experts on language access, election administration, federal requirements, community relationships, and voter needs presented their research and experiences in panels, talks, and workshops. Election officials, advocates, and voters were given the opportunity to interact with,

educate, and learn from experts and the officials who impact voters with limited English proficiency's voting experience every election cycle. This was the second year that the EAC held this event, and the EAC is confident that, as it was in the past, this Summit was a success.

Next, the EAC convened and webcast a roundtable of innovators who have helped Veterans with disabilities in the voting process. EAC held this event on July 18, 2017. Election officials, expert researchers, and state-level operators and coordinators who have made strides in helping Veterans with disabilities in the voting process discussed how they have innovated in the field and how they might continue to help this invaluable group of voters. The meeting transcript and a copy of the video are available on [www.EAC.gov](http://www.EAC.gov).

### Election Administration Best Practices

While the 2016 general election presented unique and new challenges for EAC's stakeholders and EAC responsively helped with the unique and new needs that they face. EAC also conducted its ongoing efforts to collect and distribute information about and best practices in election administration. Highlights of this work include EAC's best practice awards, the "Clearies." These awards highlight leaders in the field of election administration so that others may learn from them and their success. EAC collected information and submissions from election officials around the country in FY 2017, and will award the winners in FY 2018. Additionally, EAC held a retrospective analysis public meeting concerning the 2016 election and lessons learned in FY 2017, and the agency distributed many best practices throughout the year.

### Access and Engage in the Voting Process

EAC helps Americans access and engage in the voting process by working directly with voters, administering the National Voter Registration Form, and engaging with the accessibility community to best help Americans get to and navigate the voting process. 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. Vvoters can find a Voter's Gguide 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. September 26, 2017, is National Voter Registration Day, and EAC conducted a month-long "Registration -> Participation" public education campaign leading up to that day. The effort included a series of social media engagement efforts, blogs, videos and news releases. It also features a new data "Deep Dive" examination of the voter registration data contained in EAVS. Information about this effort is available on [www.EAC.gov](http://www.EAC.gov), and EAC is leveraging its communications platforms, including social media, to distribute information.

We worked closely with the Association of Programs for Rural Independent Living (APRIL) to ensure that EAC had a presence at the APRIL October 2017 National Conference in Spokane, Washington. The group included EAC's "Your Federal Voting Rights" card (available in Braille, large print, and pocket-size) in its materials for all conference attendees.

Helping America Vote, as is called for in the EAC's authorizing legislation, requires helping election officials and voters. The agency has worked in FY 2017 and will continue to work in FY 2018 to ensure that this charge is carried.

**Performance Goal 4: Help election officials procure, understand, and use high quality voting equipment by testing and certifying vendor-created voting systems against EAC-created standards of security, functionality, and accessibility.** The anticipated outcome of the goal is voting equipment that operates more reliably and securely, and is more accessible to individuals with disabilities. States voluntarily participate in the EAC testing and certification program to help ensure that their voting systems meet the Voluntary Voting System Guidelines (VVSG) standards, and voting system manufacturer specifications.

The goal consists of three strategic objectives: 1) develop and update the VVSG; 2) provide for the accreditation of independent laboratories qualified to test voting systems to Federal standards, and for the revocation of accreditation as appropriate; and 3) administer the testing, certification, decertification, and recertification of voting system hardware and software by accredited laboratories. Goal 4 is administered by the Voting System Testing and Certification division.

#### **Goal 4 FY 2017 Accomplishments**

EAC administers and manages the only national standard-setting program for building, testing, and certifying voting machines. 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, certifying test laboratories to test to these guidelines, and administering test campaigns – where vendor-built voting machines are submitted to the test laboratories for testing voting systems against the guidelines. If a voting system meets all of the requirements established in the guidelines, then EAC certifies the machines as meeting said guidelines. Election officials use this information to help them know that they are procuring high-quality, reliable, voting machines. Certain states only allow their officials to procure and use voting machines 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 EAC is setting a standard of modern quality that helps ensure voting machines are secure, accessible, up-to-date and functional, EAC's Testing and Certification Division works to update the standard and its underlying components. In FY 2017, 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 machines are ready for current challenges. The completion of VVSG 2.0 is a critical part of this effort.

New versions of the VVSG must be approved by the EAC's FACAs (the board and TGDC). The first FACA to examine VVSG 2.0 approved it in September 2017. EAC hopes to finish the approval

process in FY 2018 when the remaining two FACA boards convene and examine the standard. Information about the testing program and the standard are available on [www.EAC.gov](http://www.EAC.gov) In addition to completing VVSG 2.0, EAC's Testing and Certification Division tested and certified six voting systems from four manufacturers, conducted two manufacturer quality audits, and conducted one voting system test laboratory re-accreditation audit. These on-going, regular efforts are critical to successful operation of the program. Thousands of election jurisdictions around the country are continually researching and procuring voting equipment, and EAC's Testing and Certification Division helps them navigate this process with confidence.

**Performance Goal 5 is to operate effectively to implement a high-performance organization.** The anticipated outcome of the goal is that the EAC Commissioners and staff proficiently and efficiently carry out EAC's strategic objectives. The objectives of Goal 5 are to improve performance, strengthen internal controls, and maximize efficiencies.

During FY 2017, EAC held a Standards Board Meeting in April, a Board of Advisors Meeting in May, and a TGDC meeting in September pursuant to the Help America Vote Act.

Pursuant to initiatives for government reform, EAC is actively working with the Office of Management and Budget, looking at our funding mechanism with NIST, examining ourselves internally including hiring the Office of Personnel Management (OPM) to perform an assessment of our structure and positions for creation of the Human Resources Plan, addressing our planning and strategy processes, and evaluating internal policies and procedures.

Efforts of the agency resulted in achievement of the measure to obtain an unmodified audit opinion on agency financial statements in FY 2017. On the metric regarding meeting annual performance measures, management works to foster a culture of accountability among staff and continuous improvement of internal controls. Agency directors responsible for implementation of EAC's goals report on their division metrics throughout the year: 1) the Agency Financial Report each November, 2) the Congressional Budget Justification, usually in February each year, and 3) actual planned metrics in the OMB Budget Justification in September.

EAC continues to focus on setting up 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. Financial responsibilities are being built into position descriptions. Budget holders complete assessable unit risk and fraud assessment questionnaires and individual letters of assurance to assess risk to accomplish of goals, 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 Chief Financial Officer, and rolled into the agency's Annual Statement of Assurance that is presented in this report.

In FY 2017, EAC provided 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. EAC staff Contracting Officer's Representatives (CORs) were provided annual accrual training, and have access to free online COR and invoice approval training via the procurement service provider agency. On-site training on the travel system and process was provided in FY 2017.

The agency is set up to participate in secure telecommuting, which provides the added benefit of equipping EAC with the ability to deal with any continuity of operations disruptions. Staff is provided with a "virtual office" of folders and files accessible remotely.

### **FY 2017 Performance Summary**

The following table presents key EAC FY 2017 program performance results data. As much detailed performance information as possible will be presented, and variances discussed, in the FY 2017 Annual Performance Report.

**FY 2017 Program Performance Indicators**

	<b>Performance Indicator</b>	<b>Type of Indicator</b>	<b>Planned</b>	<b>Actual</b>
<b>Strategic Goal 1: Clearinghouse</b>				
	Regularly issue information on EAC activities	Output	30 blog posts, 5 press releases, 30 e-alerts to subscribers	89 blog posts, 33 press releases, 1,454 tweets, 60 YouTube videos, 10 media advisories, 4 fact sheets, 11 opinion pieces
	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	Disseminate report 1/31/17	Disseminated report on 1/31/17. Produced a white paper, "Starting Point: US Election Systems as Critical Infrastructure," and a glossary, "Common Cybersecurity Terminology"
<b>Strategic Goal 2: Fund and Oversee</b>				
	Resolve 100 percent of audit findings within established time frames	Output	100%	67% -- 4 of 6 audits
	Review financial and performance reports from grantees and notify recipients of reporting anomalies or failures to file within 30 days	Output	100%	100%
<b>Strategic Goal 3: Study, Guide, Assist</b>				
	Issue required biennial reports to Congress on UOCAVA, NVRA and EAVS by the June 30 statutory deadline.	Output	Issue required biennial reports to Congress on UOCAVA, NVRA and EAVS	Submitted the 2016 Election Administration and Voting Survey (EAVS) on June 29, 2017; one report consolidating UOCAVA, NVRA, and EAVS
	Serve as a clearinghouse of information for election administration best practices	Output	Create and share documents, events, and other products on best practices in election administration	Co-hosted summit on best practices related to language accessibility; shared state and local information about recounts and post-election audits; shared state and local best practices related to voter list maintenance, including 5 blog posts from state or local election officials about how they conduct list maintenance, hosted a discussion with election officials about list maintenance, and released 1st EAVS Deep Data Dive using EAVS data about the voter process registration including list maintenance; announced 2nd annual awards on election administrative best practices in 3

				categories: accessibility, election workers, and innovation
<b>Strategic Goal 4: Test and Certify</b>				
	Test and certify voting systems	Output	Certify and test systems	Certified 6 voting systems; conducted 2 manufacturer quality audits and 1 voting system test lab re-accreditation audit
	Produce voting system guidance for use in the field	Output	Produce VVSG revisions	TGDC approved VVSG 2.0 in September 2017; the revision will go through further approvals and adoption in FY 2018

Portfolio Analysis

Since 2004, EAC has received funds in three appropriations: Salaries and Expenses, Election Reform Programs, and for FY 2008 only, Election Data Collection Grants. In FY 2017, EAC received appropriations in the Salaries and Expenses appropriation of \$9.6 million. The appropriation was used for a \$1.4 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 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 2017 to FY 2016; 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.

For FY 2017, the available budgetary resources were \$17.3 million, down from \$19.6 million in FY 2016. In FY 2017, as mentioned previously, EAC’s appropriations totaled \$9.6 million for Salaries and Expenses, including a \$1.4 million non-expenditure transfer to NIST.

Obligations Incurred decreased from \$9.8 million in FY 2016 to \$8.5 million in FY 2017. The decrease was due primarily to disbursement of no year Requirements Payments in the Election

Reform Programs account. The Unobligated Balance – Apportioned decreased from \$1.9 million in FY 2016 to \$1.0 million in FY 2017.

## **Financial Position**

### *Assets*

EAC had \$14.0 million in total assets (Fund Balance with Treasury; Accounts Receivable; Property, Equipment, and Software; and Other Assets) as of September 30, 2017, compared to \$16.8 million in FY 2016. The decrease is largely the result of disbursement of Requirements Payments.

### *Liabilities*

EAC had total liabilities (Accounts Payable, accrued salaries and benefits, and unfunded leave) of \$983,134 as of September 30, 2016. Liabilities decreased to \$852,304 as of September 30, 2017.

### *Net Position*

Net position (Unexpended Appropriations and Cumulative Results of Operations) decreased from \$15.8 million in FY 2016, to \$13.1 million in FY 2017. Unexpended Appropriations decreased primarily due to disbursement of Requirements Payments.

## **Results of Operations**

EAC, as presented in the Statement of Net Costs, reports the results of operations within four programs: Clearinghouse; Fund and Oversee (Grants Management and the Office of the Inspector General; Study, Guide and Assist (Research); and Testing and Certification. Costs specifically identified with each of the programs, such as direct personnel costs and specific program contract expenses, are allocated to the programs directly. The Fund and Oversee program reports the expenditures for the Requirements Payments. 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 \$10.8 million for Fiscal Year 2016, decreasing to \$9.7 million in FY 2017.

## **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 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**

EAC is subject to numerous legislative and regulatory requirements that promote and support effective internal controls. 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.

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. 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**

EAC's Information Technology (IT) staff explores innovations to update and improve network services for security, availability, efficiency, and productivity. For example, EAC is working with the General Services Administration (GSA) to leverage GSA's private cloud computing strategy to host the EAC continuity of operations plan (COOP) site. We are moving to GSA's cloud email service in FY 2018.

Currently, EAC operates its own infrastructure, using GSA's network backbone for security purposes. The EAC IT staff of two 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. EAC's cybersecurity management needs are covered by GSA through an annual Memorandum of Understanding for IT services and equipment at \$31,000 for FY 2017. 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**

EAC was in compliance with the Federal Information Security Management Act at the end of FY 2017. The audit is available on EAC's website.

### **Audit Follow-Up**

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 EAC management and the OIG to complete actions necessary to respond to audit findings. EAC's Inspector General's statement of major management and performance challenges are documented in Section III.A. of this report. 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," 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 2017 financial statement audit report identified no material weaknesses in internal control over financial reporting. One recommendation was resolved during the fiscal year.

## **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 EAC. The principal recipients of HAVA payments and grant funds are state governments.

## **Grants Oversight and New Efficiency (GONE) Act**

As of October 11, 2017, all EAC open grants (27) are no year HAVA Section 251 requirements payments, with no period of performance expiration date. The funds in the amount of \$1,899,221 are available until expended to 21 states.

## **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 2016 in three key areas:

### *I. Implementation of financial and administrative controls*

Financial and administrative controls are described in 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 CFO 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, 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 2017.

*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).

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.

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, 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 EAC, and schedules of depreciation of the assets are maintained by the financial services provider. 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, 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. 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 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, 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 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. EAC does not have identified material weaknesses in internal controls over operations in FY 2017. Any management override of controls would necessarily involve staff at two federal agencies since 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*

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.

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. 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 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. 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.

EAC utilizes automated time and attendance, procurement, contract payments, and travel and purchase card systems housed at other agencies. EAC has agency points of contact for purchase and travel cards, as does the financial service provider. 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, 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***

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.

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, EAC would proceed with actions such as reallocation of roles to enhance segregation of duties.

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

Finally, EAC is working to finalize its Strategic Plan for presentation in the FY 2019 Congressional Budget Justification. Fraud risks are considered in the development of the plan.

## Annual Assurance Statement on Internal Control

November 15, 2017

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.

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, 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, EAC relied upon the evaluation conducted by its independent auditors and the Inspector General.

In FY 2017, 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.



Matthew V. Masterson  
Chairman



## SECTION II Financial Section

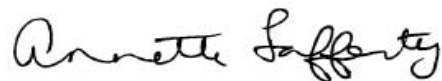
### II.A. MESSAGE FROM THE CHIEF FINANCIAL OFFICER

EAC's financial statements for FY 2017 are an integral component of the Agency Financial Report (AFR). This is the tenth year that EAC has prepared financial statements and submitted them for audit. This is the ninth year that EAC is presenting an AFR in place of the Performance and Accountability Report. EAC presents summarized performance data in this report, and plans on providing detailed data in conjunction with the Fiscal Year (FY) 2019 Congressional Justification.

For FY 2017, EAC received an unmodified ("clean") audited financial statement opinion, with no material weaknesses and one audit finding. The recommendation for the finding was implemented in FY 2017.

As part of continuous internal control improvement, EAC requested a third party review of risks and internal controls. Further, staff was provided training related to accruals, procurement system requisitions, travel system authorizations and vouchers, and contract administration.

Following for your review are the EAC's auditor's report including financial statements and notes to the statements.



Annette Lafferty  
November 15, 2017

## II.B. INSPECTOR GENERAL'S ASSESSMENT



U.S. ELECTION ASSISTANCE COMMISSION  
1335 EAST-WEST HIGHWAY, SUITE 4300  
SILVER SPRING, MO 20910  
OFFICE OF THE INSPECTOR GENERAL

### MEMORANDUM

To: Matthew Masterson, Chairman

A handwritten signature in cursive script, reading "Patricia L. Layfield".

From: Patricia L. Layfield, Inspector General Date:  
November 14, 2017

Subject: Audit of the U.S. Election Assistance Commission's Financial Statements  
for Fiscal Year 2017 (Assignment No. I-PA-EAC-01-17))

#### 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 17-03, *Audit Requirements for Federal Financial Statements*; and the *Financial Audit Manual* issued jointly by the Council of the Inspectors General on Integrity and Efficiency 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, 2017 and 2016, 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.

Telephone: 301-734-3104 Fax: 301-734-3115 Toll free: 1- 866-552-0004  
[https://www.eac.gov/inspector\\_general/eacoig@eac.gov](https://www.eac.gov/inspector_general/eacoig@eac.gov)

In its response to the draft audit report, EAC agreed with the facts stated in the report and the audit results.

**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. We do not express any opinion on EAC's financial statements or conclusions on the effectiveness of internal control, or compliance with laws and regulations.

**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 restricted and copies are available for public inspection.

If you have any questions regarding this report, please call me at (301) 734-3104.

Attachment

**ELECTION ASSISTANCE COMMISSION**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
SEPTEMBER 30, 2017 AND 2016**



**Prepared By  
Brown & Company CPAs Management Consultants, PLLC  
November 14, 2017**



**ELECTION ASSISTANCE COMMISSION  
INDEPENDENT AUDITOR’S REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017 AND 2016**

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets of the U.S. Election Assistance Commission (EAC) as of September 30, 2017 and 2016, and the related statements of net cost, changes in net position and budgetary resources, for the years then ended (collectively referred to as the financial statements), and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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 audit. We conducted our audit in accordance with U.S. generally accepted government auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 17-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 17-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit 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 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 includes tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosure in the financial statements. The purpose was not to provide an opinion on compliance with provisions of applicable laws, regulations, contracts and grant agreements and, therefore, we do not express such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion on the Financial Statements*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the EAC as of September 30, 2017 and 2016, and its net costs, changes in net position and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principles.

## *Other Matters*

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the *Management's Discussion and Analysis* (MD&A), also regarded as *Required Supplementary Information* (RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. *The Message from the Chairman, Message From The Chief Financial Officer* and *Other Information* sections are presented for purposes of additional analysis and are not required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the EAC's internal control over financial reporting (internal control) to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of providing an opinion on internal control. Accordingly, we do not express such an opinion.

*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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. During the audit of the

financial statements no deficiencies in internal control were identified that were considered to be a material weakness. However, material weaknesses may exist that have not been identified.

We also identified other deficiencies in EAC's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant EAC management's attention. We have communicated these matters to EAC management and, will report on them separately in a management letter.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the EAC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations and contracts applicable to EAC. The objective was not to provide an opinion on compliance with those provisions of laws, regulations, contracts and grant agreements, and we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards* or OMB Bulletin No. 17-03.

### **Management's Responsibility for Internal Control and Compliance**

EAC's management is responsible for (1) evaluating effectiveness of internal control over financial reporting based on criteria established under the Federal Managers' Financial Integrity Act (FMFIA), (2) providing a statement of assurance on the overall effectiveness of internal control over financial reporting, and (3) ensuring compliance with other applicable laws and regulations.

### **Auditor's Responsibilities**

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin No. 17-03 requires testing, and (3) applying certain limited procedures with respect to the MD&A.

We did not evaluate all internal controls relevant to operating objectives as broadly established by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to testing internal control over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the EAC. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin No. 17-03 that we deemed applicable to the



EAC's financial statements for the fiscal year ended September 30, 2017. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

**Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters**

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance and Other Matters sections of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of EAC's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EAC's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

This report is intended solely for the information and use of the management of the EAC, OMB, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.



Largo, Maryland  
November 14, 2017

**FINANCIAL STATEMENTS AND NOTES**

**ELECTION ASSISTANCE COMMISSION  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2017 AND 2016  
(In Dollars)**

	2017	2016
<b>Assets:</b>		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$ 12,845,226	\$ 15,415,600
Other (Note 4)	840,898	999,687
<b>Total Intragovernmental</b>	<b>13,686,124</b>	<b>16,415,287</b>
Accounts Receivable, Net (Note 3)	8,171	20
Property, Equipment, and Software, Net (Note 5)	256,087	335,063
<b>Total Assets</b>	<b>\$ 13,950,382</b>	<b>\$ 16,750,370</b>
<b>Liabilities:</b>		
Intragovernmental		
Accounts Payable	\$ 101,738	\$ 63,859
Other (Note 7)	37,295	28,979
<b>Total Intragovernmental</b>	<b>139,033</b>	<b>92,838</b>
Accounts Payable	325,055	332,772
Other (Note 7)	388,216	557,524
<b>Total Liabilities (Note 6)</b>	<b>\$ 852,304</b>	<b>\$ 983,134</b>
<b>Net Position:</b>		
Unexpended Appropriations - Other Funds	\$ 13,066,800	\$ 15,654,783
Cumulative Results of Operations - Other Funds	31,278	112,453
<b>Total Net Position</b>	<b>\$ 13,098,078</b>	<b>\$ 15,767,236</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 13,950,382</b>	<b>\$ 16,750,370</b>

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

**ELECTION ASSISTANCE COMMISSION**  
**STATEMENT OF NET COST**  
**FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2017 AND 2016**  
**(In Dollars)**

	2017	2016
<b>Program Costs</b>		
Communication and Clearinghouse		
Gross Costs (Note 9)	\$ 1,774,387	\$ 900,228
Net Program Costs	\$ 1,774,387	\$ 900,228
Fund and Oversee		
Gross Costs (Note 9)	\$ 4,030,104	\$ 6,343,333
Net Program Costs	\$ 4,030,104	\$ 6,343,333
Research, Policy, and Programs		
Gross Costs (Note 9)	\$ 810,650	\$ 1,268,535
Net Program Costs	\$ 810,650	\$ 1,268,535
Testing and Certifications		
Gross Costs (Note 9)	\$ 3,072,956	\$ 2,327,712
Net Program Costs	\$ 3,072,956	\$ 2,327,712
<b>Net Cost of Operations</b>	<b>\$ 9,688,097</b>	<b>\$ 10,839,808</b>

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

**ELECTION ASSISTANCE COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2017 AND 2016**  
(In Dollars)

	2017	2016
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ 112,453	\$ 268,981
<b>Budgetary Financing Sources:</b>		
Appropriations Used	9,472,623	10,505,624
<b>Other Financing Sources (Non-Exchange):</b>		
Imputed Financing Sources (Notes 1 and 13)	134,299	177,656
Total Financing Sources	9,606,922	10,683,280
Net Cost of Operations (Notes 9 and 13)	(9,688,097)	(10,839,808)
Net Change	(81,175)	(156,528)
Cumulative Results of Operations	\$ 31,278	\$ 112,453
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 15,654,783	\$ 21,761,683
Beginning Balances, as Adjusted	15,654,783	21,761,683
<b>Budgetary Financing Sources:</b>		
Appropriations Received	\$ 9,600,000	\$ 9,600,000
Appropriations Transferred In/Out	(1,400,000)	(1,500,000)
Other Adjustments	(1,315,360)	(3,701,276)
Appropriations Used	(9,472,623)	(10,505,624)
Total Budgetary Financing Sources	\$ (2,587,983)	\$ (6,106,900)
Total Unexpended Appropriations	\$ 13,066,800	\$ 15,654,783
Net Position	\$ 13,098,078	\$ 15,767,236

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

**ELECTION ASSISTANCE COMMISSION**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2017 AND 2016**  
(In Dollars)

	2017	2016
<b>Budgetary Resources:</b>		
Unobligated Balance Brought Forward, October 1	\$ 9,805,066	\$ 14,723,380
Unobligated Balance Brought Forward, October 1, as adjusted	9,805,066	14,723,380
Recoveries of Prior Year Unpaid Obligations	529,577	454,338
Other changes in unobligated balance	(1,315,361)	(3,701,275)
Unobligated balance from prior year budget authority, net	9,019,282	11,476,443
Appropriations	8,200,000	8,100,000
Spending authority from offsetting collections	65,221	10,995
<b>Total Budgetary Resources</b>	<b>\$ 17,284,503</b>	<b>\$ 19,587,438</b>
<b>Status of Budgetary Resources:</b>		
New Obligations and upward adjustments (Note 11)	\$ 8,513,756	\$ 9,782,372
Unobligated balance, end of year:		
Apportioned, unexpired account	1,036,881	1,869,503
Unexpired unobligated balance, end of year	1,036,881	1,869,503
Expired unobligated balance, end of year	7,733,866	7,935,563
Total unobligated balance, end of year	8,770,747	9,805,066
<b>Total Budgetary Resources</b>	<b>\$ 17,284,503</b>	<b>\$ 19,587,438</b>
<b>Change in Obligated Balance</b>		
<b>Unpaid Obligations:</b>		
Unpaid Obligations, Brought Forward, October 1	\$ 5,610,534	\$ 7,208,769
Obligations Incurred (Note 11)	8,513,756	9,782,372
Outlays (gross)	(9,520,234)	(10,926,269)
Recoveries of Prior Year Unpaid Obligations	(529,577)	(454,338)
Unpaid Obligations, End of Year (Gross)	4,074,479	5,610,534
<b>Uncollected payments:</b>		
<b>Memorandum entries:</b>		
Obligated Balance, Start of Year	5,610,534	7,208,769
Obligated Balance, End of Year	4,074,479	5,610,534
<b>Budget Authority and Outlays, Net:</b>		
Budget authority, gross	\$ 8,265,221	\$ 8,110,995
Actual offsetting collections	(65,221)	(10,995)
<b>Budget Authority, net, (total)</b>	<b>\$ 8,200,000</b>	<b>\$ 8,100,000</b>
Outlays, gross	\$ 9,520,234	\$ 10,926,269
Actual offsetting collections	(65,221)	(10,995)
Outlays, net, (total)	9,455,013	10,915,274
<b>Agency outlays, net</b>	<b>\$ 9,455,013</b>	<b>\$ 10,915,274</b>



## **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 Statement of Custodial Activity accounts for sources and disposition of collections.

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 2015 and 2014 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.

**NOTE 2. FUND BALANCE WITH TREASURY**

Fund balance with Treasury account balances as of September 30, 2017 and 2016, were as follows:

	2017	2016
<b>Fund Balances:</b>		
Appropriated Funds	\$ 12,845,226	\$ 15,415,600
Other Fund Types	-	-
<b>Total</b>	<b>\$ 12,845,226</b>	<b>\$ 15,415,600</b>
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 1,036,881	\$ 1,869,503
Unavailable	7,733,866	7,935,563
Obligated Balance Not Yet Disbursed	4,074,479	5,610,534
Non-Budgetary FBWT	-	-
<b>Total</b>	<b>\$ 12,845,226</b>	<b>\$ 15,415,600</b>

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, 2017 and 2016, were as follows:

	2017	2016
Intragovernmental		
Accounts Receivable	\$ -	\$ -
With the Public		
Accounts Receivable	8,096	20
Employee Receivables	-	-
<b>Total Accounts Receivable</b>	<b>\$ 8,096</b>	<b>\$ 20</b>

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, 2017 and 2016.

### NOTE 4. ADVANCES AND PREPAYMENTS

Advances and Prepayments balances as of September 30, 2017 and 2016, were as follows:

	2017	2016
Intragovernmental		
Advances and Prepayments	\$ 840,898	\$ 999,687
With the Public		
Advances and Prepayments	-	-
<b>Total Other Assets</b>	<b>\$ 840,898</b>	<b>\$ 999,687</b>

### NOTE 5. PROPERTY, EQUIPMENT, AND SOFTWARE

Schedule of Property, Equipment, and Software as of September 30, 2017:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 1,205,830	\$ 1,193,068	\$ 12,762
Furniture & Equipment	1,013,741	850,306	163,435
Software	172,721	172,721	-
Construction-in-Progress	-	N/A	-
Software-in-Development	79,890	N/A	79,890
<b>Total</b>	<b>\$ 2,472,182</b>	<b>\$ 2,216,095</b>	<b>\$ 256,087</b>

Schedule of Property, Equipment, and Software as of September 30, 2016

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 1,205,830	\$ 1,060,414	\$ 145,416
Furniture & Equipment	918,712	808,956	109,756
Software	172,721	172,721	-
Construction-in-Progress	-	N/A	-
Software-in-Development	79,891	N/A	79,891
<b>Total</b>	<b>\$ 2,377,154</b>	<b>\$ 2,042,091</b>	<b>\$ 335,063</b>

Depreciation expense was \$174,004.48 and \$212,571.01 for the twelve months ending September 30, 2017 and 2016, respectively.

**NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

The liabilities for EAC as of September 30, 2017 and 2016, 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.

	2017	2016
Intragovernmental – FECA	\$ -	\$ 234
Intragovernmental – Unemployment Insurance	-	-
Unfunded Leave	232,905	222,396
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 232,905</b>	<b>\$ 222,630</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>619,399</b>	<b>760,504</b>
<b>Total Liabilities</b>	<b>\$ 852,304</b>	<b>\$ 983,134</b>

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, 2017 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ -	\$ -	\$ -
Unemployment Insurance Liability	-	-	-
Payroll Taxes Payable	37,295	-	37,295
Custodial Liability	-	-	-
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 37,295</b>	<b>\$ -</b>	<b>\$ 37,295</b>

### With the Public

Payroll Taxes Payable	\$ 6,185	\$ -	\$ 6,185
Accrued Funded Payroll and Leave	149,051	-	149,051
Unfunded Leave	232,905	-	232,905
Custodial Liability	75	-	75
Other Liabilities w/related Budgetary Ob	-	-	-
<b>Total Public Other Liabilities</b>	<b>\$ 388,216</b>	<b>\$ -</b>	<b>\$ 388,216</b>

Other liabilities account balances as of September 30, 2016 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	\$ 738	\$ -	\$ 738
Unemployment Insurance Liability	-	-	-
Payroll Taxes Payable	28,241	-	28,241
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 28,979</b>	<b>\$ -</b>	<b>\$ 28,979</b>

### With the Public

Payroll Taxes Payable	\$ 4,669	\$ -	\$ 4,669
Accrued Funded Payroll and Leave	129,228	-	129,228
Unfunded Leave	222,396	-	222,396
Custodial Liability	-	-	-
Other Liabilities w/related Budgetary Ob	201,231	-	201,231
<b>Total Public Other Liabilities</b>	<b>\$ 557,524</b>	<b>\$ -</b>	<b>\$ 557,524</b>

**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.

## Scheduled of Future Lease Payments

<b>Fiscal Year</b>	<b>Building</b>	<b>Totals</b>
2019	19,863	19,863
2020		-
2021		-
2022	-	-
2023	-	-
Thereafter	-	-
<b>Total Future Payments</b>	<b>\$ 19,863</b>	<b>\$ 19,863</b>

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

**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:



	2017	2016
<b>Communications and Clearinghouse</b>		
Intragovernmental Costs	\$ 411,906	\$ 141,908
Public Costs	1,362,481	758,320
<b>Total Costs</b>	<b>1,774,387</b>	<b>900,228</b>
<b>Fund and Oversee</b>		
Intragovernmental Costs	\$ 935,547	\$ 999,938
Public Costs	3,094,557	5,343,396
<b>Total Costs</b>	<b>4,030,104</b>	<b>6,343,334</b>
<b>Research, Policy, and Programs</b>		
Intragovernmental Costs	\$ 188,184	\$ 199,967
Public Costs	622,466	1,068,568
<b>Total Costs</b>	<b>810,650</b>	<b>1,268,535</b>
<b>Testing and Certification</b>		
Intragovernmental Costs	\$ 713,355	\$ 366,931
Public Costs	2,359,600	1,960,781
<b>Total Costs</b>	<b>3,072,955</b>	<b>2,327,712</b>
Total Intragovernmental costs	2,248,992	1,708,745
Total Public costs	7,439,105	9,131,064
<b>Total Net Cost</b>	<b>\$ 9,688,097</b>	<b>\$ 10,839,808</b>

**NOTE 10. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT**

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, calls for explanation of material 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 FY 2018 President's Budget, with actual amounts for FY 2016, has been reconciled to the Statement of Budgetary Resources. The FY 2019 President's Budget, with actual amounts for FY 2017, will not be published until February 2018.

The budget that includes the fiscal year 2016 actual execution information is as follows:

FY2016	Budgetary Resources	Obligations Incurred	Net Outlays
Statement of Budgetary Resources	\$19,587,438	\$ 9,782,372	\$10,915,274
Spending Authority from Offsetting			
Collections	10,995		
Unobligated Balance Not Available	7,935,563		
Rounding	359,120	217,628	84,726
<b>Budget of the U.S. Government</b>	<b>\$12,000,000</b>	<b>\$10,000,000</b>	<b>\$11,000,000</b>

## NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2017 and 2016 consisted of the following:

	2017	2016
Direct Obligations, Category B	\$ 8,513,756	\$ 9,782,372
<b>Total Obligations Incurred</b>	<b>\$ 8,513,756</b>	<b>\$ 9,782,372</b>

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, 2017 and 2016, budgetary resources obligated for undelivered orders are as follows:

	2017	2016
Undelivered Orders	\$ 4,296,052	\$ 5,849,717
<b>Total Undelivered Orders</b>	<b>\$ 4,296,052</b>	<b>\$ 5,849,717</b>

## 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.

	2017	2016
<b>Resources Used to Finance Activities</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 8,513,756	\$ 9,782,372
Spending Authority from Offsetting Collections and Recoveries	(594,798)	(465,333)
Obligations Net of Offsetting Collections and Recoveries	7,918,958	9,317,039
Other Resources		
Transfers in/out Without Reimbursement	-	-
Imputed Financing from Costs Absorbed by Others	134,299	177,656
Net Other Resources Used to Finance Activities	134,299	177,656
Total Resources Used to Finance Activities	8,053,257	9,494,695
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	1,458,401	1,132,593
Total Resources Used to Finance the Net Cost of Operations	9,511,658	10,627,288
Generate Resources in the Current Period	176,439	212,520
<b>Net Cost of Operations</b>	<b>\$ 9,688,097</b>	<b>\$10,839,808</b>

#### 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.

	2017	2016
FY 2009 Section 251 Requirements Payments	\$	
FY 2010 Section 251 Requirements Payments	1,929,468	1,557,242
FY 2011 Section 251 Requirements Payments	37,968	40,034
Section 251 Requirements Payments	(60,652)	
Accessible Voting Technology		246,962
Logic and Accuracy Grant Program		2,010,998
<b>Net Cost of Operations</b>	<b>\$ 1,906,784</b>	<b>\$ 3,855,236</b>

During FY 2017, EAC received a grant refund of \$60,652. There were disbursements to one state totaling \$1,967,436.

#### NOTE 15. CUSTODIAL CASH COLLECTIONS

A cash collection for an employee in the amount of \$75 (\$15.36 original debt plus \$69.64 in fees and interest) was not reported for debt collection in the timeframe prescribed by the Debt Collection Improvement Act. The collection was deducted from the employee's final paycheck, closing the activity.

	2017	2016
Miscellaneous	\$ 75	\$ -
<b>Total Cash Collections</b>	<b>\$ 75</b>	<b>\$ -</b>

## II.D. 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
<b>Section 102 Funds</b>	\$ 19,905,709	\$ 36,838,905	\$ (163,130)	\$90,122	\$137,401	\$ (267,813)	\$ (10,769)	\$ 0	\$(60,652.18)
<b>Section 251 Funds</b>	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
<b>Total</b>	<b>\$281,923,933</b>	<b>180,086,894</b>	<b>\$104,193,029</b>	<b>\$40,500,559</b>	<b>\$43,554,491</b>	<b>\$167,901,663</b>	<b>\$75,575,384</b>	<b>\$110,248,566</b>	<b>\$72,557,770</b>

**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.

### 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
<b>Accessible Voting Technology Initiative</b>	\$ 270,011	\$ 1,630,476	\$ 2,809,602	\$ 2,429,159	\$ -	\$ (6,605)	\$ 0
<b>Logic and Accuracy</b>	-	275,040	485,600	236,499	(17,638)	(1,520)	0
<b>Total</b>	<b>\$ 270,011</b>	<b>\$1,905,516</b>	<b>\$3,295,202</b>	<b>\$2,665,658</b>	<b>\$(17,638)</b>	<b>\$ (8,125)</b>	<b>\$ 0</b>

## SECTION III

### Other Accompanying Information

#### III.A. Most Serious Management Challenges Facing the EAC



*U.S. ELECTION ASSISTANCE COMMISSION*  
*OFFICE OF INSPECTOR GENERAL*  
1335 East West Highway - Suite 4300 Silver Spring, MD 20910

October 17, 2017 Memorandum

To: Matthew Masterson  
Chairman, U.S. Election Assistance Commission

A handwritten signature in blue ink that reads "Patricia L. Layfield".

From: Patricia L. Layfield  
Inspector General

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

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.

Two of this year's management challenges are the same as last year: (1) performance management and accountability and (2) records management. We have noted the progress that EAC has made on each of the challenges identified.

For fiscal year 2017, I am reporting a new challenge: the effect on EAC of the Department of Homeland Security's designation of election systems as critical infrastructure.

If you have any questions or need additional information, please contact me at (301) 734-3104 or at [playfield@eac.gov](mailto:playfield@eac.gov).

Attachment

cc: Commissioner Thomas Hicks, U.S. Election Assistance Commission  
Commissioner Christy A. McCormick, U.S. Election Assistance  
Brian Newby, Executive Director, U.S. Election Assistance Commission  
Cliff Tatum, General Counsel, U.S. Election Assistance Commission  
Annette Lafferty, Chief Financial Officer, U.S. Election Assistance Commission



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

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**U.S. ELECTION ASSISTANCE COMMISSION  
MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES**

## 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 2017, the OIG is reporting on two management and performance challenges facing the EAC that have been reported in prior years.

- Performance Management and Accountability
- Records Management

We have added one additional challenge for 2017: the designation of the nation's elections systems as critical infrastructure its effects.

### **CHALLENGE 1: PERFORMANCE MANAGEMENT AND ACCOUNTABILITY - ISSUED IN 2008**

In February of 2008, the OIG issued a report that identified long-standing and overarching weaknesses related to EAC operations. The assessment disclosed that the EAC needed to establish:

- Short and long-term strategic plans, performance goals and measurements to guide the organization and staff.
- An organizational structure that clearly defines areas of responsibility and an effective hierarchy for reporting.
- Appropriate and effective internal controls based on risk assessments.
- Policies and procedures in all program areas to document governance and accountability structure and practices in place. It is imperative that the Commissioners define their roles and responsibilities in relationship to the daily operations of the EAC and to assume the appropriate leadership role.

Effective management and accountability are integral to any operation and must start with senior management. The Help America Vote Act (HAVA), which created EAC, specified that direction and management are carried out by four full-time Commissioners, an Executive Director, and General Counsel. Generally, the Commissioners establish policy and the



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

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executive director carries out policy by administering the day-to-day operations of the organization. The Help America Vote Act requires that any action of the Commissioners be carried out by the approval (vote) of at least three. For almost five years through December 2014, EAC lacked a quorum and from May 2012 until December 2014, EAC leadership consisted solely of the Chief Operating Officer, acting as Executive Director. Thus, critical business requiring a quorum of Commissioners was not carried out during that period. These conditions and some confusion over the roles and responsibilities of the Commissioners and the Executive Director resulted in a leadership vacuum, an inability of EAC to focus on key duties, a failure to hold people accountable, and a decline in staff morale.

Prior to the loss of its quorum, EAC had taken some actions to address the OIG reported findings. In September 2008, the Commission adopted a document titled *Roles and Responsibilities of the Commissioners and Executive Director of the U.S. Election Assistance Commission Policy*. In March 2009, the Commission adopted the *United States Election Assistance Commission Strategic Plan, Fiscal Years 2009 Through 2014*. However, by the time the next strategic plan was due, the Commission had lost its quorum, so no official actions on a new strategic plan were possible.

### ***EAC's Progress***

Since the description of Challenge 1 was written in 2008, EAC has acquired an entirely new slate of three Commissioners, a new Executive Director and a new General Counsel. Together, they have made significant progress toward meeting this challenge. They have developed a comprehensive communications strategic plan. The agency has also developed policies and procedures for the Communications Division and the research process. An OIG audit completed in August 2017 recommended the EAC develop, document and implement a 5-year strategic plan and enhance the record management system to document decisions, operations, policies, procedures, and practice. EAC reported they had made significant progress in strategic planning process when, in April 2017, the new Administration issued guidance requiring development of Agency Reform Plans across the government.

## **CHALLENGE 2: RECORDS MANAGEMENT - ISSUED IN 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. In that regard, since its inception in December 2003, the EAC has seen eight commissioners, two general counsels, and program directors come and go.

The EAC did not have 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.





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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 EAC should take steps to 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 NARA as needed. The schedules for the Research Division and Testing and Certification have been developed. EAC had begun to plan for a system to organize and archive EAC emails, which was due to be completed by December 31, 2016. The EAC is currently researching whether NARA intended its approval of one of the existing records retention schedules to be approval of an agency-wide records retention schedule. If EAC finds that it has an approved agency-wide retention schedule, management plans to begin staff training and implementation.

## **CHALLENGE 3: ELECTIONS SYSTEMS AS CRITICAL INFRASTRUCTURE – ISSUED IN 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 as a crucial partner in spite of having limited human and financial resources that have steadily decreased over the past few years due to decreases in congressional appropriations.

Interacting with a new Federal partner and introducing it to the members of a newly-created Critical Infrastructure sector has required a significant effort and resources. To demonstrate the scope of this task, note that according to the *The Election Administration and Voting Survey*, in the 2016 election cycle, states and territories comprised of 6,467 jurisdictions operated 116,990



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physical polling places nationwide. In addition, jurisdictions operated more than 8,500 early voting locations in the days leading up to the election. The systems DHS seeks to protect are located across the nation and include a number of sub-systems that help election officials conduct elections, such as voter registration systems, e-poll book systems, and vote tabulation systems. The DHS designation has broad effect and the EAC is a central resource to DHS as it learns about and interacts with the elections industry.



U.S. ELECTION ASSISTANCE COMMISSION  
1335 EAST-WEST HIGHWAY, SUITE 4300  
SILVER SPRING, MD 20910  
OFFICE OF THE EXECUTIVE DIRECTOR

Memorandum

Date: November 15, 2017

To: Patricia Layfield, Inspector General

From: Brian D. Newby, Executive Director

A handwritten signature in blue ink, appearing to read "BDN".

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

Thank you for sending us the Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Election Assistance Commission, dated October 17, 2017. We have prepared brief responses to each item:

**Challenge 1: Performance Management and Accountability**

The EAC has made significant progress towards drafting and publishing a new strategic plan, meeting all OMB related deadlines, and is on track to publish this plan in-line with all other federal agencies. The EAC is concurrently developing short-term, operational plans and continues to develop and use agency performance plans as it has in the past. The agency also is reviewing its policies and procedures and will work to ensure that they align with the strategic plan, after it is completed.

**Challenge 2: Records Management**

As the IG states in her memorandum, the EAC is making progress towards remediating this management challenge and meeting the federal requirements relating to records management. The agency is dedicated to completing this work and plans to meet all federally mandated requirements for records retention moving forward.

**Challenge 3: Election Systems as Critical Infrastructure**

When the Department of Homeland Security (DHS) examined designating and then designated elections infrastructure as Critical Infrastructure, it reached out to the EAC as the federal subject matter expert in election administration. Throughout the process of establishing the elections subsector, its guiding councils, and critical, foundational documents, DHS continues to leverage the EAC and its expertise.

Through the Help America Vote Act (HAVA), Congress charged the EAC with administering and maintaining the nation's clearinghouse for election administration information so that election officials have a central resource for understanding American election administration and the issues, drivers, and restrainers involved in administering elections. DHS's Critical Infrastructure designation added an additional subject area to the EAC's clearinghouse duty, necessitating the EAC to dedicate previously allocated operational and financial resources to this new topic. The EAC continues to dedicate these resources so that its clearinghouse offers timely information to election officials on Critical Infrastructure.

Congressional appropriations to the EAC have decreased over the years. The EAC continues to work towards its mission with the resources appropriated to the best of its ability, and is confident that key stakeholders see the EAC as a central election administration resource both within and outside of DHS's Critical Infrastructure designation.

### 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 2017, 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 2017 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

