

*UNITED STATES
ELECTION ASSISTANCE
COMMISSION
OFFICE OF INSPECTOR GENERAL*



*Semiannual Report to Congress
For the Period:
October 1, 2017 through March 31, 2018*



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

OFFICE OF THE INSPECTOR GENERAL

April 27, 2018

Thomas Hicks, Chairman
U.S. Election Assistance Commission

The Inspector General Act of 1978 (Pub. L. 95-452), as amended, calls for the preparation of semiannual reports to the Congress summarizing the activities of the Office of Inspector General (OIG) for the six-month periods ended March 31 and September 30 each year. I am pleased to enclose the report for the period from October 1, 2017 to March 31, 2018. The Act requires that you transmit the report to the appropriate committees of the Congress within 30 days of receipt, together with any comments you may wish to make and other information as required by the IG Act.

For the last few years, the OIG has accomplished its mission by contracting for audits with independent public accounting firms and buying services from other Federal agencies. Contracted audits completed during the most recent six-month period covered audits of the EAC's 2017 financial statements, compliance with the Federal Information Security Modernization Act (FISMA), and the audit required by the Digital Accountability and Transparency Act of 2014, commonly known as the DATA Act.

I look forward to continuing to work with the Commissioners and employees of the Election Assistance Commission to improve Commission programs and operations.

Sincerely,

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

Patricia L. Layfield, CPA, CIA, CISA
Inspector General

cc: Commissioner Christy A. McCormick, Vice-Chair
Brian Newby, Executive Director
Cliff Tatum, General Counsel
Brenda Bowser Soder, Director of Communications and Public Affairs

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Election Assistance Commission Profile

Congress established the U.S. Election Assistance Commission (EAC or Commission) through the passage of the Help America Vote Act (HAVA) of 2002 (Pub. L. 107-252). EAC is an independent, bipartisan commission that serves as a national clearinghouse and resource for the compilation of information and review of procedures for the administration of Federal elections. The President appoints and the Senate approves the four commissioners authorized by HAVA. Commissioners serve four-year terms. EAC has functioned since January 2003 with three Commissioners and one vacancy. The resignation of Commissioner Matthew Masterson in March 2018 created a second vacancy.

EAC's principal duties include maintaining a national clearinghouse of information on election administration; testing and certifying, decertifying, and recertifying voting systems; adopting voluntary voting system guidelines; and administering grants authorized by HAVA. EAC has distributed over \$3 billion in grants to the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam and American Samoa (hereinafter referred to as "states"). States have used the funds to purchase voting equipment, establish statewide voter registration lists, implement provisional voting, educate voters, train officials and poll workers, improve polling places, and recruit poll workers. The Consolidated Appropriations Act, 2018 (Pub. L. 115-141) appropriated an additional \$380 million to make payments to States for activities to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements, as authorized by sections 101, 103, and 104 of HAVA.

Office of Inspector General Profile

HAVA required the appointment of an inspector general for the EAC and amended the Inspector General Act (IG Act) of 1978 (5 U.S.C.A. App. 3) to identify the EAC as a Designated Federal Entity (DFE). EAC appointed its Inspector General in 2006. The OIG currently consists of one employee, the Inspector General. The first Inspector General retired as of September 2015 and the Commission appointed the current Inspector General in February 2016.

Despite its small size, the OIG performs all of the duties required of the inspector general under the IG Act, including:

- Conducting and supervising audits, investigations, and other services (e.g., evaluations) relating to the programs and operations of the EAC;
- Providing leadership and coordination and recommending actions to management to promote economy, efficiency, and effectiveness in agency programs and operations and prevent and detect fraud, waste, abuse, and mismanagement of government resources; and

- Keeping the Commission, management, and Congress fully informed regarding problems and deficiencies, and the progress of corrective actions.
- Investigating allegations of waste, fraud, abuse and mismanagement in EAC programs and operations, including operation of a hotline to receive complaints regarding EAC, its programs, and its funding recipients.

Audits, Inspections, and Evaluations

During the six months ended March 31, 2018, the OIG issued three audits of internal EAC operations.

Audit of the Election Assistance Commission's Performance under the DATA Act of 2014

The U.S. Election Assistance Commission's Office of Inspector General (EAC OIG) conducted an audit of the EAC's adherence to the reporting and data requirements of the Digital Accountability and Transparency Act (DATA Act) of 2014. The objective of the audit was to assess the (1) completeness, timeliness, quality, and accuracy of fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov and (2) EAC's implementation and use of the Government-wide financial data standards established by OMB and Treasury. We conducted our audit in accordance with the performance standards set forth in *Government Auditing Standards*, promulgated by the U.S. Comptroller General.

In all material respects, except as noted below, the Election Assistance Commission's (EAC's) fiscal year 2017, second quarter financial and award data submitted for publication on USASpending.gov were complete, timely, accurate, and of acceptable quality. EAC also implemented and used the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury). EAC's reporting omitted one of ten procurement awards (10%), including as many as 50 data elements that should have been reported for the omitted award. For reasons beyond EAC's control, four (0.89%) of the 450 data elements in the nine transactions EAC reported were incorrect and three of the 450 data elements were omitted (0.67%).

Audit of Fiscal Year 2017 Audit of EAC's Financial Statements

We contracted with Brown & Company CPAs, PLLC (Brown & Company) to conduct the audit of EAC's fiscal year 2017 financial statements in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA), *Government Auditing Standards* (GAGAS), and Office of Management and Budget Bulletin No. 17-03.

In Brown & Company's opinion, the financial statements presented 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. Brown & Company also issued a management letter report to describe a minor error in one employee's payroll withholdings, which was a finding that was too minor to be included in the financial statement audit report. EAC management corrected the error and implemented preventative controls before the OIG issued the final management letter report.

Audit of Federal Information Security Modernization Act of 2014

The Office of Inspector General (OIG) engaged CliftonLarsonAllen LLP (CLA), an independent certified public accounting firm, to conduct an audit of the U.S. Election Assistance Commission's (EAC's) compliance with the Federal Information Security Modernization Act (FISMA) and related information security policies, procedures, standards, and guidelines. The audit included assessing the EAC's effort to develop, document, and implement an agency-wide program to provide information security for the information and information systems that support the operations and assets of the EAC.

The audit concluded that EAC generally complied with FISMA requirements by implementing 47 of 60 security controls selected for testing within the information system CLA tested. Although EAC generally had policies for its information security program, its implementation of those policies was not fully effective to preserve the confidentiality, integrity, and availability of EAC's information and information systems, potentially exposing them to unauthorized access, use disclosure, disruption, modification, or destruction. Consequently, the audit identified areas in EAC's information security program that need to be improved.

CLA made eleven recommendations to assist EAC in strengthening its information security program:

1. The Acting Chief Information Officer (ACIO) should complete the formal timeline and implementation plan for enforcement of the use of PIV cards for two factor authentication at the local network layer through its partnership with the General Services Administration (GSA). (New)
2. EAC management should refine the process to renew interconnection documentation and monitor renewal timeframes going forward. (New)
3. EAC management, in coordination with GSA, should ensure current and signed Authorizations to Operate (ATOs), which do not create any gaps in coverage, are issued for the GSA Enterprise Network Services (ENS). (New)
4. The ACIO should implement corrective actions to resolve critical and high risk vulnerabilities identified related to patching, software upgrades, and configuration weaknesses for those systems identified within detailed scanning results. (Repeat Modified)

5. The ACIO should implement a process to perform scans on a regular basis and remediate weaknesses noted from those scans that is built into the larger effort of implementing tools as part of DHS CDM. (New)
6. The ACIO should document any deviations from the U.S. Government Configuration Baseline (USGCB) to include business justifications for each deviation. (New)
7. The ACIO should revise and implement the existing Auditing and Monitoring procedures to outline the frequency of audit log reviews and responsibilities around all monitoring activities. (Modified Repeat)
8. EAC management should document and implement a formal procedure for documenting the review of Service Organization Control (SOC) reports for applicable third party systems at a defined frequency. (New)
9. The ACIO should review and update the Continuity of Operations Plan (COOP) at least annually and EAC management should review the business impact analysis supporting the COOP for accuracy semi-annually in alignment with the existing Information Technology inventory checks. (New)
10. The ACIO should test the COOP annually using a rotational testing schedule that includes review of the test results and response to corrective actions identified as part of lessons learned exercises subsequent to testing. (New)
11. The ACIO should update the Plan of Action and Milestones (POA&M) report to cover all information from required fields, benchmark the state of corrective actions, and identify next steps. The ACIO should also maintain and review POA&Ms in line with the frequency defined by EAC policy and ensure all known control weaknesses are documented in the POA&Ms. (New)

EAC management did not disagree with the findings and recommendations; however, they asserted that several of the issues discussed in the report are not under the direct control of EAC as a result of its significant dependence on GSA for network support and some of the necessary documentation. With regard to other issues, EAC has contracted with an industry and FISMA expert to aid in the development of many policies, procedures, and other means of correcting the identified weaknesses.

Investigations

The OIG did not issue any investigative reports during this semiannual reporting period. We did not perform or report on any investigations involving senior Government employees during the period.

Other Activities

Reviews of Legislation, Rules, Regulations, and Other Issuances

The OIG conducts regular monitoring of EAC program activities and policy-making efforts. We provide comments as needed on significant policy statements, rulemaking and legislation that affect the EAC. The OIG did not complete pre-issuance reviews of any of these types of documents during the semiannual period although we reviewed the EAC's new Strategic Plan in conjunction with our audit follow-up activities.

Whistleblower Retaliation

The EAC OIG did not become aware of any instances of whistleblower retaliation during the semiannual period.

Accounting and Audit Policy Committee

The Chairman of the Audit Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) named the EAC Inspector General (IG) to be one of CIGIE's representatives on the Accounting and Audit Policy Committee (AAPC) of the Federal Accounting Standards Advisory Board (FASAB). In conjunction with that responsibility, the EAC IG participates as a member of the FASAB's Note Disclosure Working Group. The group's objective is to develop recommendations to FASAB for new guidance on footnote disclosures in Federal financial statements.

OIG Hotline

The OIG receives and investigates complaints of fraud, waste, abuse, and mismanagement in EAC programs or by EAC grant recipients. In order to facilitate filing complaints, the OIG maintains an on-line complaint submission form, a hotline telephone, a hotline e-mail address and a hotline fax number. Complaints may originate from EAC employees, EAC funding recipients or any member of the public. Persons making complaints can do so confidentially or anonymously and the OIG does not release names without the complainant's consent unless the Inspector General determines that it is necessary to do so in the course of an investigation or audit.

The OIG considers the incoming calls, e-mails, and other forms of correspondence to be contacts. The IG analyzes each contact to determine whether it is a complaint to be evaluated or a matter that is outside the OIG authority. Whenever possible, the IG refers contacts that are outside of the OIG authority to the most likely source of help for the issue being reported.

After a hotline complaint is logged and assigned a number, the Inspector General evaluates the complaint according to the OIG *Guidelines for Evaluating OIG Hotline Complaints*. Each complaint is evaluated as to whether it is a high priority or low priority complaint. The EAC OIG considers many factors when deciding whether to open an investigation, audit, or other project based on a hotline complaint, and acknowledges

that not every allegation or complaint received can be investigated. The factors considered may include:

- the merits of the allegations;
- existing priorities, commitments, and resources;
- the credibility of witnesses;
- the nature of the alleged violations;
- the available evidence;
- the elements of required proof;
- known mitigating circumstances; and
- the subject's current employment status with the agency.

No complaints were open at the beginning of the period. During the semiannual reporting period ended March 31, 2018, the OIG received or processed 42 contacts. Of the 42 contacts, one was a complaint, which alleged improper interference with EAC management. The EAC OIG reviewed the complaint, made inquiries, determined the complaint was rendered moot, and closed it without opening an investigation.

Of the 42 total contacts the EAC OIG received, 23 expressed concerns about perceived election irregularities at the local level (54.8%), three expressed general concerns about elections (7.1%), and 15 concerned other topics (35.7%).

Appendix A: Peer Review Activity

Section 989C of the Dodd-Frank Act contains additional semiannual reporting requirements pertaining to peer review reports. Federal Inspectors General are required to engage in peer review processes related to both their audit and investigative operations. In keeping with Section 989C, the EAC OIG is reporting the following information related to its audit peer review activities. These activities cover our roles as both the reviewed and the reviewing OIG.

Audit Peer Review of EAC OIG

In 3-year cycles, CIGIE coordinates peer reviews of each OIG's audit organization. A full peer review tests an OIG's system of quality control in accordance with the *CIGIE Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, based on requirements in GAGAS.

A modified peer review tests the established policies and procedures for the audit function of an OIG that has not performed any audits using its own staff. GAGAS describe components of a system of quality control necessary to provide an OIG with reasonable assurance of conforming to applicable professional standards, which includes the established policies and procedures for the audit function.

The Federal Maritime Commission (FMC) OIG conducted a modified peer review of the EAC OIG's audit policies and procedures in effect at March 31, 2015, and issued a report thereon dated July 20, 2016. FMC's modified peer review was conducted in accordance with the *CIGIE Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* for assessing established audit policies and procedures.

Based on the review, FMC OIG determined that the established policies and procedures for the audit function at March 31, 2015, were current and consistent with applicable professional standards as stated. They also issued a letter dated July 20, 2016, setting forth one finding and related recommendation, which they did not consider to be of sufficient significance to affect their conclusions on the established policies and procedures. The recommendation, which remains outstanding until the timely accomplishment of the next scheduled peer review, is set forth below:

- GAGAS requires audit organizations that perform audits or attestation engagements in accordance with GAGAS to establish and maintain a system of quality control and to undergo an external peer review at least once every three years. The EAC OIG's most recent peer review period covered the three-year period from April 1, 2012 to March 31, 2015. However, the EAC OIG did not complete the 2015 peer review in a timely manner based on the timeframe established by GAGAS, which requires the report to be issued within six months after the end of the period under review. The FMC OIG recommended that the EAC OIG should ensure that, in the future, it follows the Peer Review Schedule organized by CIGIE's Audit Committee and complies with the GAGAS and CIGIE's requirements for the timely completion

of a peer review, including issuance of a peer review report within six months of the end of the period under review.

Two factors caused the delay in the completion of the peer review. The previous EAC IG believed a conflict existed between the EAC OIG and the FMC OIG assigned to conduct the peer review. CIGIE later determined that a conflict did not exist and the assigned peer review team could perform the EAC OIG peer review; however, by the time CIGIE made that determination, the previous EAC IG's September 2015 retirement was imminent. The retirement of the previous IG, and the passage of time until EAC appointed a new, permanent IG in February 2016 contributed to the delay in the completion of the peer review. The current EAC IG concurred with the finding and recommendation in the draft letter of comment and committed to obtaining the next peer review for the period ending March 31, 2018, by September 30, 2018.

Peer Reviews Conducted by the Inspector General of Another Office of Inspector General

The EAC OIG did not conduct any peer reviews of any other OIGs during the period.

Appendix B: Statutory Disclosures

Significant Problems, Abuses, Deficiencies

The EAC OIG did not encounter or report on any significant problems, abuses, or deficiencies during the semiannual period.

Recommendations for Corrective Action

EAC's Financial Statements for Fiscal Years 2017 and 2016, Management Letter Report

In their report on EAC's 2017 financial statements, Brown and Company recommended that the EAC HR Director have read only access to all employees' payroll information so that there can be another level of verification of the information that is input into the payroll system. EAC management agreed with the recommendation and implemented corrective action prior to the issuance of the management letter report.

EAC's Compliance with the Federal Information Security Modernization Act

In their report on EAC's compliance with FISMA requirements, CliftonLarsonAllen made eleven recommendations to assist EAC in strengthening its information security program:

- The Acting Chief Information Officer (ACIO) should complete the formal timeline and implementation plan for enforcement of the use of PIV cards for two factor authentication at the local network layer through its partnership with the General Services Administration (GSA). (New)
- EAC management should refine the process to renew interconnection documentation and monitor renewal timeframes going forward. (New)
- EAC management, in coordination with GSA, should ensure current and signed Authorizations to Operate (ATOs), which do not create any gaps in coverage, are issued for the GSA Enterprise Network Services (ENS). (New)
- The ACIO should implement corrective actions to resolve critical and high risk vulnerabilities identified related to patching, software upgrades, and configuration weaknesses for those systems identified within detailed scanning results. (Repeat Modified)
- The ACIO should implement a process to perform scans on a regular basis and remediate weaknesses noted from those scans that is built into the larger effort of implementing tools as part of DHS CDM. (New)
- The ACIO should document any deviations from the U.S. Government Configuration Baseline (USGCB) to include business justifications for each deviation. (New)

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- The ACIO should revise and implement the existing Auditing and Monitoring procedures to outline the frequency of audit log reviews and responsibilities around all monitoring activities. (Modified Repeat)
- EAC management should document and implement a formal procedure for documenting the review of Service Organization Control (SOC) reports for applicable third party systems at a defined frequency. (New)
- The ACIO should review and update the Continuity of Operations Plan (COOP) at least annually and EAC management should review the business impact analysis supporting the COOP for accuracy semi-annually in alignment with the existing Information Technology inventory checks. (New)
- The ACIO should test the COOP annually using a rotational testing schedule that includes review of the test results and response to corrective actions identified as part of lessons learned exercises subsequent to testing. (New)
- The ACIO should update the Plan of Action and Milestones (POA&M) report to cover all information from required fields, benchmark the state of corrective actions, and identify next steps. The ACIO should also maintain and review POA&Ms in line with the frequency defined by EAC policy and ensure all known control weaknesses are documented in the POA&Ms. (New)

EAC management did not disagree with the findings and recommendations; however, they asserted that several of the issues discussed in the report are not under the direct control of EAC as a result of its significant dependence on GSA for network support and some of the necessary documentation. With regard to other issues, EAC has contracted with an industry and FISMA expert to aid in the development of many policies, procedures, and other means of correcting the identified weaknesses.

EAC Performance Under the Digital Accountability and Transparency Act (DATA Act)

In its report on EAC's performance under the DATA Act, the EAC OIG recommended the EAC Senior Accountable Official (SAO) should develop policies and procedures to enter and report agency-generated miscellaneous obligations in a manner that ensures they are included in the DATA Act reporting process. EAC management developed and completed corrective action prior to the issuance of the OIG report.

Significant Management Decisions with Which the IG Disagrees

The EAC has not made any management decisions during the semiannual period with which the IG disagreed.

Matters Referred to Prosecuting Authorities

The EAC OIG did not refer any matters to prosecuting authorities during the semiannual period.

Information Unreasonably Refused or Not Provided

The EAC OIG did not experience any denials of access to records during the semiannual period.

Audits, Inspections, and Evaluations with
Questioned/Unsupported Costs

<i>Category</i>	<i>Number</i>	<i>Questioned Costs</i>	<i>Unsupported Costs</i>
A. For which no management decision had been made by the beginning of the reporting period.	13	\$ 16,053,971	\$ 14,692,399
B. Which were issued during the reporting period.	-	-	-
Subtotals (A + B)	13	16,053,971	14,692,399
C. For which a management decision was made during the reporting period.			
(i) Dollar value of recommendations that were agreed to by management.	3	(21,624)	(394)
(ii) Dollar value of recommendations not agreed to by management ¹ .	4	<u>(200,705)</u>	<u>(153,853)</u>
D. For which no management decision has been made by the end of the reporting period*.	8	\$ <u>16,831,642</u>	\$ <u>14,538,422</u>

* Management reached decisions on five recommendations with potential monetary effects during the period; however, their decisions partially agreed and partially disagreed with two of those recommendations. Hence, the sum of the amounts in the Number column under Category "C" does not agree with the net total of recommendations for which management reached a decision during the period.

¹ The audited entity provided documentation to validate the costs questioned during the audit and management decided to allow the costs.

**Audits, Inspections, and Evaluations with
Funds Put to Better Use**

<i>Category</i>	<i>Number</i>	<i>Dollar Value</i>
A. For which no management decision had been made by the beginning of the reporting period.	-	\$ -
B. Which were issued during the reporting period.	-	-
Subtotals (A+B)	-	-
C. For which a management decision was made during the reporting period.	-	-
(i) Dollar value of recommendations that were agreed to by management.	-	-
(ii) Dollar value of recommendations that were not agreed to by management.	-	-
D. For which no management decision has been made by the end of the reporting period.	-	\$ -

Summary of Reports More Than Six Months Old Pending Management Decision

As of March 31, 2018, the EAC OIG had issued five reports with recommendations for which EAC management had not reached a final management decision. For one additional report, EAC made final management decisions on all three recommendations; however, OIG verification of corrective action related to one of those recommendations remained pending. EAC was in the process of reviewing completed corrective actions needed to address outstanding recommendations from audits of four states’ management of HAVA funds.

Summary of Reports Issued with Outstanding Recommendations Pending

This section presents a summary for each audit, inspection, or evaluation report issued before the commencement of the semiannual period for which there are any outstanding unimplemented recommendations.

Assessment of EAC’s Program and Financial Operations			
Report Number	Date	Report Title	Potential Cost Savings
I-EV-EAC-01-07B	February 2008	Assessment of the U.S. Election Assistance Commission’s Program and Financial Operations	None
Recommendation(s)		Status Per EAC Management	
<ul style="list-style-type: none"> Establish policies and procedures to comply with the National Voter Registration Act (NVRA) 		<ul style="list-style-type: none"> The NVRA continues to be an open item. The Commissioners considered policies and procedures for requested changes to the NVRA form but did not reach a consensus. Issues related to state-specific instructions remain under judicial review and, following that review, the procedures will be revisited for potential closure. 	
Status Per EAC OIG			
The status of this recommendation is as EAC Management described above.			

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EAC Policy Review			
Report Number	Date	Report Title	Potential Cost Savings
I-PA-EAC-03-17	August 2017	Assessment of the U.S. Election Assistance Commission's Program and Financial Operations	None
Recommendation(s)		Status Per EAC Management	
<ul style="list-style-type: none"> • EAC should develop, document, and implement a 5-year strategic plan. 		<ul style="list-style-type: none"> • EAC completed and published its Strategic Plan covering the five-year period 2018-2022. EAC management believes this item has been completed and addressed. 	
<ul style="list-style-type: none"> • Enhance the records management system to document EAC's decisions, operations, policies, procedures, and practices. 		<ul style="list-style-type: none"> • EAC reported that it has completed corrective action on this recommendation. 	
<ul style="list-style-type: none"> • Establish a project plan to include timelines and resources needed to accomplish the planned corrective actions on outstanding prior audit recommendations. 		<ul style="list-style-type: none"> • EAC reported that it has completed corrective action on this recommendation. 	
Status Per EAC OIG			
<ul style="list-style-type: none"> • The OIG reviewed the EAC Strategic Plan and concurs with the EAC management conclusion that the recommendation to develop, document, and implement a 5-year strategic plan is completed. The OIG considers this recommendation to be closed. • The OIG's concurrence with EAC management's decision regarding records management is pending the OIG's review of the documentation supporting management's corrective action. • The OIG concurs that EAC completed corrective action on the recommendation to establish a project plan for completing corrective actions. The OIG considers this recommendation to be closed. 			

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New Hampshire HAVA Funds			
Report Number	Date	Report Title	Potential Cost Savings
E-HP-NH-02-16	August 2017	Administration of Payments Received Under the Help America Vote Act by the New Hampshire Secretary of State, Elections Division	\$1,002,446
Recommendation(s)			
<ul style="list-style-type: none"> • EAC should require the New Hampshire Secretary of State’s Office to implement procedures to ensure that all significant accounting, financial management and grant administration policies and procedures are documented. Additionally, these procedures should be reviewed and updated on a regular basis. • EAC should require the New Hampshire Secretary of State’s Office to create a documented set of policies and procedures which comply with federal regulations, the inventory listing be expanded to include all federally required fields, and a physical inventory be conducted and documented on at least a biannual basis. • EAC should address and resolve the following recommendations that the New Hampshire Secretary of State’s Office: <ul style="list-style-type: none"> (a) Transfer into the election fund \$1 million in HAVA funds for the unallowable Capital Expenditure as cited above. (b) Seek approval for the \$1 million in HAVA funds spent on the HAVA facility. • EAC should address and resolve the following recommendations that the New Hampshire Secretary of State’s Office: <ul style="list-style-type: none"> (a) Transfer into the election fund \$2,446 for the questioned payroll charges as cited above. (b) Implement written policies to ensure that all employees who expend efforts on Federal activities record their time in a manner consistent with federal regulations and that these records are maintained. 			
Status Per EAC Management			
EAC is working with the New Hampshire Secretary of State’s Office to review the resolution of the recommendations.			
Status Per EAC OIG			
The status of these recommendations is as EAC Management described above.			

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Vermont HAVA Funds			
Report Number	Date	Report Title	Potential Cost Savings
E-HP-VT-03-16	August 2017	Administration of Payments Received Under the Help America Vote Act by the Vermont Secretary of State, Elections Division	\$312,599
Recommendation(s)			
<ul style="list-style-type: none"> • EAC should address and resolve the following recommendations that the Vermont Secretary of State’s Office: <ul style="list-style-type: none"> (a) Review the calculation provided by the audit of the maximum indirect costs allowable. (b) Transfer \$155,802 to the election fund, which is the calculated amount of Indirect Costs charged in excess of the allowable amount. (c) Implement procedures to ensure indirect costs are charged in accordance with the negotiated indirect cost agreement and federal regulations. • The EAC should require the Vermont Secretary of State’s Office to evaluate the baseline established for the maintenance of expenditure to ensure that those expenditures included in the baseline are consistent with the maintenance of expenditure policy established by the EAC in June 2010. • EAC Should address and resolve the following recommendations that the Vermont Secretary of State’s Office: <ul style="list-style-type: none"> (a) Transfer into the election fund \$70,346 for the questioned salary charges, the related fringe benefits and the applicable indirect costs. (b) Implement written policies and provide training to ensure that employees who expend efforts on Federal activities accurately record their time in accordance with Federal Regulations. • EAC should address and resolve the following recommendations that the Vermont Secretary of State’s Office: <ul style="list-style-type: none"> (a) Implement the recently documented policies and procedures regarding inventory management and the conduct of an annual physical observation of inventory. (b) Fully populate the required data in the inventory system for assets purchased with Federal funds. (c) Document the conduct of the annual physical observation of inventory. • EAC should require the Vermont Secretary of State’s Office to substantiate that the equipment purchased was done through a competitive bidding process or properly obtained through a sole source contract. • EAC should address and resolve the following recommendations that the Vermont Secretary of State’s Office: <ul style="list-style-type: none"> (a) Transfer to the election fund \$54,112 for the questioned costs cited above along with the applicable indirect costs. (b) Develop and implement policies and procedures and provide training to ensure that charges to HAVA are allowable, allocable and reasonable to HAVA. 			

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Vermont HAVA Funds			
Report Number	Date	Report Title	Potential Cost Savings
E-HP-VT-03-16	August 2017	Administration of Payments Received Under the Help America Vote Act by the Vermont Secretary of State, Elections Division	\$312,599
Recommendation(s)			
<ul style="list-style-type: none"> • EAC should address and resolve the following recommendations that the Vermont Secretary of State’s Office: <ul style="list-style-type: none"> (a) Transfer to the election fund \$32,299 for the unsupported costs cited above along with the applicable indirect costs. (b) Provide an analysis of the \$702,438 reported as matching expenditures to substantiate their allowability. (c) Develop and implement policies and procedures regarding maintenance of supporting source documentation for all Federal expenditures incurred. 			
Status Per EAC Management			
EAC is working with the Vermont Secretary of State’s Office to review the resolution of the recommendations.			
Status Per EAC OIG			
The status of these recommendations is as EAC Management described above.			

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Maryland HAVA Funds			
Report Number	Date	Report Title	Potential Cost Savings
E-HP-MD-08-16	September 2017	Administration of Payments Received Under the Help America Vote Act by the Maryland State Board of Elections	\$14,379,331
Recommendation(s)			
<ul style="list-style-type: none"> • EAC should resolve with the Maryland State Board of Elections the adequacy of the internal policies. Specifically, internal policies and procedures should address financial management activities including equipment management, Federal financial reporting and Federal grant oversight and administration. Additionally, the EAC should require the Maryland State Board of Elections to provide training to personnel involved in the administration of Federal awards to ensure the understanding of the new policies. Further, these procedures should be reviewed and updated on a regular basis. • EAC should require the Maryland State Board of Elections to perform a reconciliation of their accounting records to the submitted financial reports to ensure that all expenditures, matching contributions and program income earned have been fully disclosed and have been adequately tracked in the State's accounting system. • EAC should resolve with the Maryland State Board of Elections the adequacy of the Maryland State Board of Elections' formalized policies and procedures regarding inventory management. Additionally, the EAC should review the Maryland State Board of Elections' inventory system to ensure all fields are populated with the required data for assets purchased with Federal funds. • EAC should address and resolve the following recommendations that the Maryland State Board of Elections: <ul style="list-style-type: none"> (a) Transfer to the election fund \$14,379,331 for the unsupported costs cited in the report. (b) Develop and implement policies and procedures regarding maintenance of supporting source documentation for all Federal expenditures incurred. • EAC should require the Maryland State Board of Elections to: <ul style="list-style-type: none"> (a) Evaluate the baseline established for maintenance of expenditure to ensure that those expenditures included in the baseline are consistent with the maintenance of expenditure policy established by the EAC in June 2010. (b) Implement procedures to ensure that the maintenance of expenditure is exceeded each year. 			
Status Per EAC Management			
EAC is working with the Maryland State Board of Elections Office to review the resolution of the recommendations.			
Status Per EAC OIG			
The status of these recommendations is as EAC Management described above.			

APPENDIX B

Puerto Rico HAVA Funds			
Report Number	Date	Report Title	Potential Cost Savings
E-HP-PR-06-16	August 2017	Administration of Payments Received Under the Help America Vote Act by the Comisión Estatal de Elecciones de Puerto Rico	\$137,306
Recommendation(s)			
<ul style="list-style-type: none"> • EAC should require the Comisión Estatal de Elecciones de Puerto Rico (Elections Commission) to implement procedures to ensure that financial reporting, equipment and maintenance of effort policies and procedures are documented. Additionally, these procedures should be reviewed and updated on a regular basis. • EAC should address and resolve the following recommendations that the Elections Commission: <ul style="list-style-type: none"> (a) Create a documented set of policies and procedures that comply with federal regulations. (b) Create an inventory listing which is fully populated and reconcilable into the Elections Commission's financial records. (c) Conduct and document a physical inventory on a biannual basis. • EAC should require the Elections Commission to make a calculation of the interest lost due to the untimely deposit of matching funds, and deposit these unrecorded earnings to the Election Fund. • EAC should require the Office perform a reconciliation of the grant activity to ensure that all expenditures incurred are fully disclosed in the financial reports. • EAC should address and resolve the following recommendations that the Elections Commission: <ul style="list-style-type: none"> (a) Evaluate the baseline established for the maintenance of expenditure to ensure that those expenditures included in the baseline are consistent with the maintenance of expenditure policy established by the EAC in June 2010. (b) Once established, ensure the maintenance of effort baseline was exceeded in each fiscal year as required by HAVA. • EAC should require the Elections Commission to transfer to the election fund \$54,000 for the unsupported cost cited in the report. • EAC should address and resolve the following recommendations that the Elections Commission transfer into the election fund \$83,306 for the unallowable costs cited in the report. 			
Status Per EAC Management			
EAC is working with the Elections Commission to review the resolution of the recommendations.			
Status Per EAC OIG			
The status of these recommendations is as EAC Management described above.			

Summary of Investigative Reports Issued

Description	Number
Total number of investigative reports issued during the reporting period	0
Total number of persons referred to the Department of Justice for criminal prosecution during the reporting period	0
Total number of persons referred to state and local prosecuting authorities for criminal prosecution during the reporting period	0

In the absence of any reports to discuss, no metrics were used for developing the statistics in the table above.

Investigations of Senior Government Employees

EAC OIG did not receive any substantiated allegations of misconduct by senior Government employees during the semiannual period.

Whistleblower Retaliation Cases

EAC OIG did not receive any allegations of whistleblower retaliation during the semiannual period and had no pending cases at the beginning of the period.

OIG Projects and Activities Not Publicly Disclosed

EAC OIG did not close any inspections, evaluations, or audits during the period that the Office did not disclose to the public.

EAC OIG did not close any investigations involving any senior Government employees during the period that the Office did not disclose to the public

Appendix C: Semiannual Reporting Requirements of the IG Act

<i>Section of the IG Act</i>	<i>Requirement</i>	<i>Page Number</i>
5(a)(1)	Description of significant problems, abuses, deficiencies	9 (None)
5(a)(2)	Recommendations for corrective action	9
5(a)(3)	Description of significant recommendations described in a previous semiannual period for which corrective action is not complete	14
5(a)(4)	Matters referred to prosecutive authorities; resulting prosecutions and convictions	10 (None)
5(a)(5)	Summary of each report made to the head of the establishment under 6(b)(2) ["(2) Whenever information or assistance requested under subsection (a)(1) or (a)(3) is, in the judgment of an Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the head of the establishment involved without delay."]	11 (None)
5(a)(6)	Listing by subject matter of audit, evaluation, and inspection reports with total questioned costs, unsupported costs, and funds put to better use	2
5(a)(7)	Summary of each particularly significant report	2
5(a)(8)	Statistical tables showing total number of audit, inspection, and evaluation reports with questioned/unsupported costs: (A) No management decision made by commencement of reporting period; (B) Issued during the reporting period; (C) For which management decision was made showing dollar value of disallowed costs and costs not disallowed; (D) For which no management decision has been made by the end of the reporting period	12

Section of the IG Act	Requirement	Page Number
5(a)(9)	<p>Statistical tables showing total number of audit, inspection, and evaluation reports with funds put to better use:</p> <p>(A) No management decision made by commencement of reporting period (B) Issued during the reporting period; (C) For which management decision was made showing dollar value of disallowed costs and costs not disallowed; (D) For which no management decision has been made by the end of the reporting period.</p>	13
5(a)(10)	<p>Summary of each audit, inspection, and evaluation report issued before the commencement of the reporting period:</p> <p>(A) Title, date of each report for which no management decision has been made by the end of the reporting period; i. Explanation of reasons management decision has not been made; ii. Statement concerning the desired timetable for achieving a management decision on each report; (B) Title and date of each report for which no establishment comment was returned within 60 days of providing the report to the establishment; (C) Title and date of each report or which there are any outstanding unimplemented recommendations, including the aggregate potential cost savings of those recommendations;</p>	14
5(a)(11)	<p>Description and explanation of the reasons for any significant revised management decision made during the reporting period.</p>	14 (None)
5(a)(12)	<p>Significant management decisions with which the Inspector General is in disagreement.</p>	10 (None)
5(a)(13)	<p>Information described under section 05(b) of the Federal Financial Management Improvement Act of 1996 (law applicable only to CFO Act agencies; not applicable to EAC).</p>	Not Applicable

APPENDIX C

Section of the IG Act	Requirement	Page Number
5(a)(14)(A) or 5(a)(14)(B)	<ul style="list-style-type: none"> • Results of any peer review conducted by another OIG during the reporting period; or • Statement identifying the date of the last peer review conducted by another OIG, if no peer review was conducted within that reporting period. 	7
5(a)(15)	List of any outstanding recommendations from any peer review conducted by another OIG that have not been fully implemented, including a statement describing the status of the implementation and why implementation is not complete.	7
5(a)(16)	List of any peer reviews conducted by the Inspector General of another Office of the Inspector General during the reporting period, including a list of any outstanding recommendations made from any previous peer review (including any peer review conducted before the reporting period) that remain outstanding or have not been fully implemented .	8 (None)

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Inspector General

U.S. Election Assistance Commission

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