

UNITED STATES
ELECTION ASSISTANCE
COMMISSION
OFFICE OF INSPECTOR GENERAL



Semiannual Report to Congress
For the Period:
October 1, 2018 through March 31, 2019



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

OFFICE OF THE INSPECTOR GENERAL

April 30, 2019

Christy McCormick, Chairwoman
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, 2018 to March 31, 2019. 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 2018 financial statements and compliance with the Federal Information Security Modernization Act (FISMA).

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 Benjamin Hovland, Vice-Chair
 Commissioner Donald Palmer
 Commissioner Thomas Hicks
 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 from January 2015 to March 2018 with three Commissioners and one vacancy. The resignation of another Commissioner in March 2018 created a second vacancy. On January 3, 2019, the Senate confirmed two additional Commissioners, giving the agency the first full slate of Commissioners it has had since 2009.

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 for payments made to States for activities to improve the administration of elections for Federal office, including enhancing election technology and making 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 first Inspector General in 2006. The first Inspector General retired as of September 2015 and the Commission appointed the current Inspector General in February 2016. The OIG currently consists of one employee, the IG; however, the IG hired an Assistant Inspector General for Audit who is scheduled to start with the EAC OIG in mid-May.

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;

- Keeping the Commission, management, and Congress fully informed regarding problems and deficiencies, and the progress of corrective actions; and
- 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, 2019, the OIG issued three reports on two audits of internal EAC operations. The OIG also issued its report on Top Management Challenges as of September 30, 2018.

Reports on the Audit of EAC's Fiscal Year 2018 Financial Statements and Related Management Letter

We contracted with Brown & Company CPAs, PLLC (Brown & Company) to conduct the audit of EAC's fiscal year 2018 financial statements in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA), *Government Auditing Standards* (GAGAS), and the Office of Management and Budget Audit Bulletin.

In Brown & Company's opinion, the financial statements presented fairly, in all material respects, the financial position of EAC as of September 30, 2018 and 2017, 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 an instance in which EAC did not pay an invoice timely under the Prompt Pay Act due to staff turnover. The auditors considered the finding too minor to be included in the financial statement audit report. EAC management designed and implemented controls to prevent recurrence of the issue.

Audit of Federal Information Security Modernization Act of 2014

The Office of Inspector General (OIG) engaged Brown & Company 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 objective of the performance audit was to determine whether EAC implemented selected security controls for certain information systems in support of FISMA. The audit included the testing of selected management, technical, and operational controls outlined in National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 4, Security and Privacy Controls for Federal Information Systems and Organizations. Brown & Company reviewed selected controls from EAC's General Support System. The audit also included a vulnerability assessment of internal systems and an evaluation of EAC's process for identifying and mitigating information systems vulnerabilities.

The audit concluded that EAC generally complied with FISMA requirements by implementing selected security controls for tested systems. Although EAC generally had policies for its information security program, its implementation of those policies for selected controls was not fully effective to preserve the confidentiality, integrity, and availability of the Agency's information and information systems, potentially exposing them to unauthorized access, use, disclosure, disruption, modification, or destruction.

Brown & Company made nine recommendations to assist EAC in strengthening its information security program:

1. EAC Chief Information Officer should develop and implement an Enterprise Risk Management Strategy (ERMS) that will include a risk profile, risk management committee, risk appetite/tolerance levels, risk register, responding to risk, monitoring risk and utilizing an automated solution to view risks across the organization.
2. The EAC Chief Information Officer should document an information security architecture to provide a disciplined and structured methodology for managing risk.
3. EAC OIT should remediate configuration related vulnerabilities in the network identified, and document the results or document acceptance of the risks of those vulnerabilities.
4. EAC should define and implement a process for assessing the knowledge, skills, and abilities of EAC's cybersecurity workforce.
5. EAC should conduct a baseline assessment of the Agency's cybersecurity workforce that includes (1) the percentage of personnel with IT, cybersecurity, or other cyber-related job functions who hold certifications; (2) the level of preparedness of other cyber personnel without existing credentials to take certification exams; and (3) a strategy for mitigating any gaps identified with appropriate training and certification for existing personnel.
6. EAC should review and approve Agency's information security policies and procedures on an annual basis.
7. EAC should implement a remediation plan to commit resources to update all EAC-wide information security policies and procedures on the frequency required by NIST SP 800-53, Rev. 4.
8. EAC OIT should develop a Business Impact Analysis (BIA).
9. EAC should incorporate the results from the Business Impact Analysis into the analysis and strategy development efforts for the Agency's Continuity of Operations Plan (COOP).

Since the completion of the audit, EAC reports they have completed a first draft of an ERMS, which incorporates the BIA, and a draft that incorporates the BIA into the COOP. They have remediated configuration related vulnerabilities in the network. The corrective actions to address the rest of the recommendations are in process and EAC expects to complete those actions by September 2019.

Top Management Challenges

For fiscal year 2018, the OIG reported on four challenges. Records Management has been an on-going challenge for a number of years. We discussed one additional challenge for 2018, the absence of a quorum on the Commission. We also updated the status of two other management challenges regarding strategic planning and the effects on EAC of the declaration of elections systems as critical infrastructure.

- Elections Systems as Critical Infrastructure (originally issued 2017). Citing the vital role elections play in the country, the Department of Homeland Security (DHS) designated elections systems as critical infrastructure in January 2017. EAC possessed the subject matter expertise, the relationships with state and local elections officials, and the in-depth understanding of local election operations necessary to provide much-needed support to DHS in implementing that designation. As such, EAC has played a key role in helping DHS understand the elections sub-sector. The agency has also used its communication channels with state and local elections officials to educate officials and the public on critical infrastructure concepts, roles, responsibilities and DHS' capabilities to apply cybersecurity intelligence to hardening the nation's elections systems against intrusion, disruption, and loss. As the nation's clearinghouse for election administration information, EAC has taken on the challenge of supporting DHS 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.

As of September 2018, EAC reported to the OIG that the agency's role in supporting the protection of election systems as critical infrastructure had evolved into an everyday function within its clearinghouse mission. When compared to the level of effort required in 2017 and early 2018, the EAC's role appeared to be diminishing by the end of fiscal year 2018. However, the EAC continues to provide heightened levels of services in coordinating among state, local, and Federal entities; providing information on best practices in election administration (including cybersecurity); training state and local election administrators; and other activities in support of election administration. In addition, EAC continues to manage, monitor, and audit a grant program amounting to \$380 million in outstanding obligations.

Even as the need continues for EAC to provide heightened support to stakeholders in protecting elections systems as critical infrastructure, the resources to provide that support continue to diminish. EAC's budget declined from \$8.5 million (\$10.0 million less \$1.5 million transfer to NIST) in 2018 to \$7.950 million (\$9.2 million less \$1.250 million transfer to NIST) in 2019.

- Records Management (originally issued 2010). EAC did not have a records management policy or complete records management schedules. Over the past two years, EAC has made great strides toward complying with records management requirements. EAC implemented a new e-mail system that complies with requirements of the National Archives and Records Administration (NARA) for retention and retrieval capabilities. The Chief Information Officer (CIO) developed records management best practices for the agency that addresses how to save files and introduces standard naming conventions and guidance on marking sensitive documents for distribution. The EAC believes it is on schedule to comply with NARA's December 2019 deadline for agencies to have all permanent electronic records managed electronically to the fullest extent possible for eventual transfer and accessioning by NARA in electronic format.
- Strategic Planning (originally issued 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 plans, an organization structure, appropriate and effective internal controls, and policies and procedures in program areas. EAC developed and implemented a strategic plan and has used it in developing annual plans.

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.

Whistleblower Retaliation

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

Other EAC OIG Activities

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). The AAPC's primary function is to provide guidance to improve federal financial reporting through the timely

identification, discussion, and recommendation of solutions to accounting and auditing issues. As part of those duties, the EAC IG is also a member of the Note Disclosure Working Group, the objective of which is to develop recommendations to FASAB for new guidance on note disclosures in Federal financial statements.

The EAC IG is also a member of the working group formed to rewrite the CIGIE Peer Review Guide. The guide needs the revision to conform to the 2018 version of *Government Auditing Standards* (GAGAS), which will become effective for most audits beginning in July 2019.

The EAC OIG also participates actively in the CIGIE Grant Reform Working Group. The purpose is to respond to OMB's periodic requests for OIG community feedback regarding the President's Management Agenda (PMA) Cap Goal No. 8 – Single Audit and Risk Assessment System Capabilities.

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, OIG personnel evaluate 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.

One complaint was open at the beginning of the period and the OIG received two additional complaints. The OIG closed all three complaints during the semiannual period. We referred one complaint to state/local authorities for possible investigation and closed the remaining two for lack of availability of evidence. The EAC OIG had no open complaints as of March 31, 2019.

During the semiannual reporting period, the OIG received or processed 77 additional contacts. The contacts pertained to the following areas:

Violations of the Americans with Disabilities Act in polling locations	2
Election Irregularities	45
Election security concerns	4
Inappropriate behavior by public officials	8
Other	<u>18</u>
 Total	 <u>77</u>

Election Irregularities included allegations of polling place anomalies, ballot errors, voter registration irregularities, voter suppression, and voter fraud. Election security concerns included general concerns about election security and allegations of phishing, phone and text message scams. In the context of the allegation, the term "phishing" was used to intentional misdirection of an internet link to a site that attempted to obtain the victim's voter registration information.

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.

The Federal Trade Commission (FTC) OIG conducted a system review of the EAC for the year ended March 31, 2018, and issued a report thereon dated September 7, 2018. FTC OIG conducted the peer review 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. FTC concluded that the system of quality control for the audit organization of EAC OIG in effect for the year ended March 31, 2018, was suitably designed and complied with to provide EAC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of "pass", "pass with deficiencies", or "fail". EAC OIG received an External Peer Review rating of "pass". The review report did not cite any deficiencies and the FTC did not issue a Letter of Comment.

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

The EAC OIG issued new recommendations during the six months ended March 30, 2019 pertaining to a minor issue found during the audit of the 2018 financial statements (see page 2). We also issued nine new recommendations from our audit of EAC's compliance with the Federal Information Security Modernization Act of 2014, also known as FISMA (see page 3).

Significant Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed

A list of recommendations included in previous semiannual reports, which remained unresolved as of March 31, 2019, appears below under the caption, "Summary of Reports Issued with Outstanding Recommendations Pending" on page 12.

Significant Management Decisions with Which the Inspector General Disagrees

EAC made no management decisions during the period with which the Inspector General disagreed.

Matters Referred to Prosecuting Authorities

The EAC OIG did not refer any matters to prosecuting authorities during the semiannual period. We referred one hotline complaint to State investigators, who declined to pursue the matter.

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.	9	\$ 15,381,777	\$ 14,381,777
B. Which were issued during the reporting period.	-	_____ -	_____ -
Subtotals (A + B)	9	15,381,777	14,381,777
C. For which a management decision was made during the reporting period.			
(i) Dollar value of recommendations that were agreed to by management.	4	(2,446)	(2,446)
(ii) Dollar value of recommendations not agreed to by management ¹ .	3	<u>(1,000,000)</u>	_____ -
D. For which no management decision has been made by the end of the reporting period*.	2	\$ <u>14,379,331</u>	\$ <u>14,379,331</u>
E. Additional amounts identified and disallowed by management as a direct result of audit follow-up on OIG recommendations.		_____ -	

During the period, EAC verified corrective action on two previously-reported questioned costs from the audit of the New Hampshire grant (see page 14). As of March 31, 2019, the only outstanding questioned costs related to the audit of Maryland's use of HAVA funds (see page 15).

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**

Category	Number	Dollar Value
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.	-	\$ _____ -
E. Additional amounts identified and recovered ² by management as a direct result of audit follow-up on OIG recommendations.	-	\$ -

² Recoveries of HAVA funds are accomplished by the state depositing monies in the State fund required by HAVA to be established in each state.

APPENDIX B

Summary of Reports More Than Six Months Old Pending Management Decision

As of March 31, 2019, EAC had reached management decision on all outstanding recommendations. The EAC OIG had issued six reports containing sixteen recommendations for which EAC management had not completed final corrective actions, which are described in the next section.

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. As of the end of the current semiannual period, the issues related to state-specific instructions remain under judicial review. Following that review, the EAC will revisit the policies and procedures for potential closure of the recommendation.			
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"> Enhance the records management system to document EAC's decisions, operations, policies, procedures, and practices. (Note: the OIG has been tracking this issue within its reports on Top Management Challenges since 		<ul style="list-style-type: none"> During 2018, EAC implemented a new e-mail system with automated indexing that allows the agency to index, search, and retrieve records electronically. EAC hired a new Chief Information Officer, who created a best practices document for saving, naming, and marking documents and has been instrumental in finalizing e-mail retention and indexing. EAC has scanned paper copies of records and saved them in portable document format (PDF). EAC configured its electronic file backups to backup and retain records in accordance with existing retention schedules. The agency believes retention of electronic records is on schedule to comply with the required 2019 deadline. EAC also prepared records retention schedules for its Testing & Certification and Research divisions. NARA reviewed those schedules and provided feedback and EAC incorporated suggested revisions. EAC anticipates submitting the final versions for review and approval by NARA. 			
Status Per EAC OIG					
<ul style="list-style-type: none"> The status of these recommendations is as EAC Management described above. 					

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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
Recommendations			Status per EAC Management
<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. 			<ul style="list-style-type: none"> EAC will not close this issue as the New Hampshire Secretary of State's office has instituted a set of robust controls to be followed by staff for all financial and grant related transactions. The practices the Office follows are not memorialized in an agency-level policy manual or handbook. New Hampshire has taken needed steps to close this issue and is now in compliance with federal standards for inventory control. Grantee has provided sufficient documentation to confirm compliance. EAC considers this matter closed with no additional follow-up needed. EAC management has determined that the expenditure was not a Capital expenditure and finds that the expenditure was allowable under HAVA. New Hampshire has provided sufficient documentation to for EAC to consider this issue resolved and closed with no additional follow-up is needed. New Hampshire has confirmed funds were transferred and that appropriate timekeeping polices are in place. EAC considers this matter closed with no additional follow-up needed.
Status Per EAC OIG			
The status of these recommendations is as EAC Management described above. The OIG considers all but the first recommendation closed.			

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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 (MDSBE)	\$14,379,331
Recommendation(s)		Status Per EAC Management	
<ul style="list-style-type: none"> • 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. 		<ul style="list-style-type: none"> • MDSBE amended its Federal Financial Reports (FFRs) to address the issues cited in the audit. Section 102 funds were fully expended in 2005/6. During the site visit, an analysis of the FFRs and discrepancies therein were discussed with MDSBE staff. MDSBE has committed to assuring that submissions properly reflect income and expenditures for Section 101 and 251 funds and will be submitting revised FFRs. • EAC will consider the finding closed upon receipt of all outstanding FFR reports. However, despite several rounds of submissions of FFRs from the Maryland State Board of Elections (MDSBE) the FFRs are still do not show proper level or federal funds reviewed or interest earned. This issue will stay open until EAC grants office accepts the corrected FFRs. EAC anticipates that this issue will be resolved by April 30, 2019. • The OIG will close the recommendation upon receipt of notification from EAC that they have received evidence of the completion of corrective action in the form of all outstanding revised FFRs. 	

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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 (MDSBE)	\$14,379,331		
Recommendation(s)		Status Per EAC Management			
<ul style="list-style-type: none"> • 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. 		<ul style="list-style-type: none"> • MDSBE agreed to reimburse the MD HAVA fund or propose HAVA acceptable additional incurred costs in the amount of \$461,980.22. The voter education amount of \$16,104, if not supported, will be added to the unallowable costs. • EAC will consider Audit Finding #4 closed when the MDSBE HAVA election fund is reimbursed or appropriate offsetting costs are identified as a match. • The OIG will also close the recommendation and report allowed and disallowed costs upon receipt of notification from EAC that they have received evidence of reimbursement of the election fund or documentation demonstrating MDSBE incurred appropriate offsetting costs. 			
Status Per EAC OIG					
Except as described above, the OIG concurs with EAC's position.					

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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)			Status Per EAC Management
<ul style="list-style-type: none"> • 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. 			<ul style="list-style-type: none"> • CEE has verified its inventory of equipment both owned and leased with HAVA 251 funds. CEE is considering an assessment to determine the operability of all of its stored equipment based on the hurricane damage inflicted on cooling systems necessary to adequately maintain equipment. When CEE inventories and assesses its owned equipment purchased under the HAVA grant, it agrees to add to add to the inventory list the other data elements required by OMB 41 CFR § 105-71.132 (d). • EAC considers Audit Finding #2 closed. CEE has agreed to share its final equipment inventory when completed. • The OIG will close the recommendation upon notification that EAC has received documentation demonstrating the completion of a final equipment inventory. As of March 31, 2019, the EAC had not received a final inventory from CEE.
<ul style="list-style-type: none"> • 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 			<ul style="list-style-type: none"> • CEE has agreed to credit its election fund for the interest owed on \$122,145. EAC will accept credit of cash to the CEE election fund or corresponding HAVA2 eligible expenditures not previously counted as match or Maintenance as Expenditure in lieu of a cash deposit EAC considers Audit Finding #3 closed, but is requiring the below final action(s). • Final Actions: CEE will show evidence of the deposit of interest or documentation for offsetting expenditures. • As of March 31, 2019, the CEE had not provided the documentation sufficient to close this recommendation.

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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)		Status Per EAC Management			
<ul style="list-style-type: none"> 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. 		<ul style="list-style-type: none"> The CEE Finance Department has been unable to reconcile this difference and therefor the amount of \$13,674 will be reimbursed to the HAVA account and the last FFR to be filed will reflect this reduction. EAC will also accept HAVA-eligible expenditures not previously counted as match or Maintenance as Expenditures in lieu of a cash deposit. CEE has agreed in writing to this resolution. EAC considers Audit Finding #4 closed, but is requiring the below final action: Final Actions: CEE will show evidence of the deposit of \$13,674 or documentation for offsetting expenditures. As of March 31, 2019, the CEE had not provided needed documentation 			
Status Per EAC OIG					
Except as described above, the OIG concurs with EAC's position.					

APPENDIX B

2017 FISMA Audit		
Report Number	Date	Report Title
Report I-PA-EAC-02-17	November 2017	U.S. Election Assistance Commission's Compliance with the Requirements of the Federal Information Security Modernization Act (FISMA)
Recommendation(s)		Status Per EAC Management and the OIG
<ul style="list-style-type: none"> The Acting Chief Information Officer³ (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). 		<ul style="list-style-type: none"> EAC has made significant progress in finalizing the PIV deployment and the project is on track to have two-factor authentication in place by the end of the first quarter of fiscal year 2019. They completed a project plan along with a timeline and outline with critical implementation steps and milestones as called for in the recommendation. The OIG concurs with EAC's position. However, the OIG has decided to track this recommendation until EAC completes the implementation of two-factor authentication. As of March 31, 2019, EAC had implemented two-factor authentication. Users must now use their PIV cards in order to log into their laptops and into the agency's network. The OIG considers this recommendation closed as of March 31, 2019.

³ Since the prior year report was issued, in September 2018, EAC hired a Chief Information Officer, so the agency no longer has an Acting CIO.

APPENDIX B

2017 FISMA Audit		
Report Number	Date	Report Title
Report I-PA-EAC-02-17	November 2017	U.S. Election Assistance Commission's Compliance with the Requirements of the Federal Information Security Modernization Act (FISMA)
Recommendation(s)		Status Per EAC Management and the OIG
<ul style="list-style-type: none"> 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. 		<ul style="list-style-type: none"> EAC's Office of the Chief Information Officer (OCIO) disagreed with the OIG decision to maintain this recommendation as an open item. The EAC OCIO has implemented a procedure for documenting the review, at a defined frequency, of the SOC report that falls within its purview. The frequency of and procedure for reviewing reports is set forth in the Inter Agency Agreement Instructions between the EAC and GSA and is set forth in the document the OCIO provided to the OIG. As of March 31, EAC reported that the agency had received 3 SOC reports, an improvement from the one report they had previously been receiving. The agency was in the process of reviewing the reports and documenting the findings of the controls. They expect to complete the review by May 2019. The OIG concurs with the OCIO description of the completed corrective actions and expects the current year FISMA audit to verify whether the corrective actions are effective.
<ul style="list-style-type: none"> The ACIO should review and update the Continuity of Operations (COOP) at least annually and EAC management should review the business impact analysis supporting the COOP for accuracy semiannually in alignment with the existing Information Technology inventory checks. 		<ul style="list-style-type: none"> EAC has not fully completed updating the COOP plan because they expect the COOP plan to change dramatically in the coming months as they modernize the IT network and migrate to Cloud services. They have also been significantly delayed in some work due to the shutdown. They expect to complete the planned corrective actions by July. The 2019 FISMA audit will verify the status of corrective actions for this and other recommendations from prior FISMA audits.

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	9
5(a)(4)	Matters referred to prosecutive authorities; resulting prosecutions and convictions	9 (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.”]	9 (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	10, 11
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	10

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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>	11
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>	12-19
5(a)(11)	Description and explanation of the reasons for any significant revised management decision made during the reporting period.	12-19 (None)
5(a)(12)	Significant management decisions with which the Inspector General is in disagreement.	9 (None)
5(a)(13)	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).	Not Applicable

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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. 	8
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.	8
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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