

**UNITED STATES
ELECTION ASSISTANCE
COMMISSION
OFFICE OF INSPECTOR GENERAL**



**Semiannual Report to Congress
For the Period:
October 1, 2020 through March 31, 2021**



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

OFFICE OF THE INSPECTOR GENERAL

April 30, 2021

Donald L. Palmer, 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, 2020 to March 31, 2021. 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.

The OIG accomplishes its mission by performing internal reviews and assessments of the U.S. Election Assistance Commissions (EAC) programs, contracting for audits with independent public accounting firms, and acquiring services from other Federal agencies. For this six-month period, the OIG issued two statutory reports: Audit of the EAC's FY 2020 Financial Statements and Fiscal Year 2020 EAC Compliance with the Federal Information Security Modernization Act. In addition, we issued six grant audit reports of Help America Vote Act grant funding for: New Mexico, Arkansas, West Virginia, Kentucky, Massachusetts, and Florida.

The OIG looks forward to continuing to work with the Commissioners and employees of the EAC to improve Commission programs and operations.

Sincerely,

Mia Forgy

Mia M. Forgy, CFE
Deputy Inspector General

cc: Commissioner Thomas Hicks, Vice Chair
Commissioner Christy A. McCormick
Commissioner Benjamin W. Hovland
Mona Harrington, Executive Director
Kristen Muthig, Director of Communications

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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, who each serve four-year terms.

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. From inception to 2011, EAC had distributed over \$3 billion in grants to the 50 United 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) and 2020 (Pub. L. 116-93) collectively appropriated an additional \$805 million¹ for payments to the states, which included payments to the Commonwealth of the Northern Mariana Islands beginning with the 2020 appropriation. The \$805 million is 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. In addition, via the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Pub. L. 116-136), Congress appropriated \$400 million to EAC as additional grant funding for states to prevent, prepare for, and respond to coronavirus, domestically or internationally, for the 2020 Federal election cycle.

Office of Inspector General Profile

HAVA required the appointment of an Inspector General (IG) 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). During this six-month period, the OIG consisted of two employees, the IG and the Deputy IG. The EAC's IG retired from federal service on March 31, 2021.

The OIG leverages its staff resources and contracting provisions to perform the duties required of the IG 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

¹ Individual appropriations were \$380 million (Election Reform Program) in 2018 and \$425 million (Election Security Grants) in 2020.

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, 2021, the OIG issued two statutory reports on internal EAC operations, and six HAVA grant audit reports. All final reports are publicly accessible via the EAC OIG's website and on Oversight.gov.

Audit of the U.S. Election Assistance Commission's FY 2020 Financial Statements

We contracted with Brown & Company CPAs, PLLC (Brown & Company) to conduct the audit of EAC's fiscal year 2020 financial statements in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA), generally accepted Government auditing standards (GAGAS), and the Office of Management and Budget Audit Bulletin.

For FY 2020, Brown & Company reported that the EAC's financial statements presented fairly, in all material respects, the financial position of EAC as of September 2020 and 2019, 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. The final report did not include any recommendations.

Audits of EAC's Compliance with the Federal Security Modernization Act of 2014

The OIG engaged Brown & Company to conduct the 2020 annual performance audit of 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 Office of Information Technology (OIT) implemented selected management, technical, and operational controls outlined in National Institute of Standards and Technology Special Publication 800-53, Revision 4, *Security and Privacy Controls for Federal Information Systems and Organizations*.

Brown & Company conducted the audit in accordance with GAGAS. The audit included testing selected controls from EAC's General Support System, a vulnerability assessment of internal systems, and an evaluation of EAC's process for identifying and mitigating information systems vulnerabilities.

Brown & Company's FY 2020 final report concluded that EAC generally complied with FISMA requirements by implementing security controls. However, the audit also identified areas in EAC's information system program that still needed improvement from prior year audits. Brown & Company made the following recommendations for FY 2020:

- Issue an Authorization to Operate for its Microsoft Azure implementation.
- Ensure the Data Owners sign user access recertifications.
- Implement web and email security enhancements required by Binding Operational Directive 18-01.
- Maintain an accurate inventory of hardware assets for its operating environment.
- Consistently monitor controls to ensure its objectives outlined in its information security continuous monitoring strategy is consistently implemented.

Audits of HAVA Grants to States

The OIG contracted with the firm of McBride, Lock & Associates, LLC (MLA LLC) to conduct performance audits in accordance with *Government Auditing Standards (GAGAS)* of the use of the HAVA grant funds Congress appropriated in 2018, which are referred to as election security grants. The OIG selected six states for audit: Arkansas, Florida, Kentucky, Massachusetts, New Mexico, and West Virginia. The OIG selected the states generally based on risk factors derived from attributes applied across all states, such as size of award, amount of spending, prior audit results, etc. The objectives of the audits are to determine whether states (1) used funds for authorized purposes in accordance with Section 101 of HAVA and other applicable requirements; (2) properly accounted for and controlled property purchased with HAVA payments; and (3) used the funds in a manner consistent with the budget plans provided to EAC.

The audits covered each state's expenditures of election security grant funds through September 30, 2019, totaling \$42.4 million in expended federal funds. Due to the impacts of COVID-19 and the states' limited availability during the 2020 primary and presidential elections, the six audits were performed between December 2020 and March 2021. The following reports were issued during the reporting period:

- Administration of Payments Received Under the Help American Vote Act by the New Mexico Secretary of State
- Administration of Payments Received Under the Help American Vote Act by the Arkansas Secretary of State
- Administration of Payments Received Under the Help American Vote Act by the West Virginia Secretary of State
- Administration of Payments Received Under the Help American Vote Act by the Kentucky Board of Elections
- Administration of Payments Received Under the Help American Vote Act by the Massachusetts Secretary of the Commonwealth
- Administration of Payments Received Under the Help American Vote Act by the Florida Secretary of State

The audit results for the six states included a total of 23 audit recommendations, \$4.4 million of questioned costs and unsupported costs, and \$82,466 in funds that could be put to better use.

In general, the six audits of the 2018 Election Security grants found that the states are spending HAVA funds on activities, infrastructure, and programs that are allowed by the program. The most common audit findings were:

- Incomplete Inventory Records,
- Inadequate Accounting, and
- Unsupported Costs.

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.

External EAC OIG Activities

On behalf of the EAC-OIG, the Deputy IG is assisting the CIGIE Training Institute with its development of the performance audit "Navigator". This Navigator will be used as a training tool to provide performance audit training to auditors within the IG community. As part of a group of OIG subject matter experts (SME) in the field of performance auditing, the Deputy IG has reviewed and provided feedback to CIGIE personnel regarding the proper workflow of performance audits, major audit phases and their associated audit tasks, and the level of criticality of those audit tasks in performing a successful performance audit. During this reporting period, the Deputy IG worked with other performance audit SMEs from the OIG community to develop the detailed audit testing steps for the audit tasks under each phase of a performance audit.

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 EAC OIG's last peer review report was issued September 7, 2018. The report concluded that the system of quality control for the EAC OIG's audit organization 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. The review report did not cite any deficiencies, and we did not receive a Letter of Comment. The EAC OIG's next peer review is scheduled to commence after March 2021.

Peer Review of the Federal Election Assistance Commission

The EAC OIG was scheduled to perform a peer review of the Appalachian Regional Commission (ARC) OIG beginning October 2019. At the start of the review period, the IG position at ARC OIG was under transition and they were unable to begin their review as scheduled. The CIGIE Audit Committee Chair, after consultation with the Government Accountability Office, approved a revision to the Audit Peer Review Schedule on January 31, 2020. As a result of the revision, the EAC OIG was assigned to conduct a peer review of the Federal Election Commission (FEC) OIG and the Audit Committee Chair extended the peer review due date to September 30, 2020.

The EAC and FEC OIGs initiated the peer review process in February 2020. However, due to the impact of the COVID-19 pandemic, the EAC OIG temporarily suspended work on the peer review and the FEC IG requested and was granted an additional extension to December 31, 2020.

The EAC OIG performed a Modified Peer Review of the FEC OIG's established policies and procedures for the audit function in effect as of September 30, 2019. The FEC OIG's final peer review report was issued by the EAC IG to the FEC IG on December 30, 2020. The report included one finding and one recommendation. The EAC OIG's review concluded that the established policies and procedures for the audit function as of September 30, 2019, were not current and thus were not fully consistent with applicable professional standards.

In relation to the finding, the EAC OIG issued one recommendation:

- The OIG should perform a comprehensive review of the Audit Manual and revise its policies and procedures to conform to the 2018 version of GAGAS.

In accordance with the 2020 CIGIE Audit Peer Review Guide, the EAC OIG coordinated with the FEC IG to request a status update regarding any outstanding recommendations from the FEC OIG's current and/or prior peer review reports. In response to the EAC OIG's request, the FEC IG confirmed that the FEC OIG is actively revising the audit manual to conform to the 2018 Yellow Book.

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 (5) new recommendations for the Federal Information Security Modernization Act Audit and (23) new recommendations for the six HAVA grant audits of election security grants during the six months ended March 31, 2021 (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, 2021, appears below under the caption, "Summary of Reports Issued with Outstanding Recommendations Pending" on page 10.

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.

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.	-	\$ _____ -	\$ _____ -
B. Which were issued during the reporting period.	2	<u>\$4,411,026</u>	<u>\$4,411,026</u>
Subtotals (A + B)	2	\$4,411,026	\$4,411,026
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 not agreed to by management.	-	_____ -	_____ -
D. For which no management decision has been made by the end of the reporting period*.	2	\$ <u>4,411,026</u>	\$ <u>4,411,026</u>
E. Additional amounts identified and disallowed by management as a direct result of audit follow-up on OIG recommendations.	-	\$ _____ -	

**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.	1	\$82,466
Subtotals (A+B)	1	\$82,466
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.	1	\$ <u>82,466</u>
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.

Summary of Reports More Than Six Months Old Pending Management Decision

As of March 31, 2021, EAC had reached management decision on all outstanding reports.

Summary of Reports Issued with Outstanding Recommendations Pending

The EAC OIG has four open reports containing seven recommendations for which EAC management or its grantees had not completed final corrective actions. 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.

1. Report Title: Assessment of the U.S. Election Assistance Commission's Program and Financial Operations

Report Number: I-EV-EAC-01-07B
Date: February 2008
Potential Cost Savings: None
Recommendation(s): Establish policies and procedures to comply with the National Voter Registration Act (NVRA)
Status Per EAC Management: Current litigation against the EAC (Case No. 16-cv-236 (RJL)) concerns the issues of who has legal authority at the EAC to approve changes to the National Voter Registration Form as well as the particular method of reviewing and approving changes. Conclusion of this litigation is necessary for the EAC to draft and adopt accurate and effective policies and procedures on the adoption of changes to the National Voter Registration Form.
Status Per EAC OIG: This recommendation remains open until corrective action has been fully implemented. The matter concerning the EAC Executive Director's authority is still under judicial review.

2. Report Title: U.S. Election Assistance Commission's Policy Review

Report Number: I-PA-EAC-03-17
Date: August 2017
Potential Cost Savings: None
Recommendation(s): Enhance the records management system to document EAC's decisions, operations, policies, procedures, and practices.
Status Per EAC Management: EAC staff are currently updating standard operating procedures for the EAC's records management program. EAC has made great strides in responding to this recommendation including:

- Hired Senior Advisor (SA) with responsibility for oversight of policies and procedures.
- Conclusion of an eight-month-long review by SA of all previous votes taken by the Commissioners. The review included tally votes, consensus votes, and transcripts or minutes of previous meetings.
- Previous undocumented votes taken during public meetings have been saved in EAC files.

- Policy binders have been provided to EAC leadership including Commissioners, Executive Director, and General Counsel by SA outlining existing binding policies of the agency including underlying documents.
- Votes taken orally at public meetings are now recorded in writing.

Status Per EAC OIG: This recommendation remains open until corrective action has been fully implemented.

3. Report Title: U.S. Election Assistance Commission's Compliance with the Requirements of the Federal Information Security Modernization Act (FISMA)

Report Number: Report I-PA-EAC-02-18

Date: November 2018

- Recommendation(s):**
- (1) EAC management should remediate configuration related vulnerabilities in the network identified and document the results or document acceptance of the risks of those vulnerabilities.
 - (2) EAC management should review and approve EAC's information security policies and procedures on an annual basis.
 - (3) EAC management should implement a remediation plan to commit resources to update all EAC-wide information security policies and procedures on the frequency required by National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Rev. 4.

- Status Per EAC Management:**
- (1) OCIO has implemented an automated vulnerability detection and monitoring system and has enrolled all network endpoints (laptops, servers, etc.). Additionally, all EAC-issued mobile devices are centrally managed and receive automatic updates.
 - (2) OCIO has implemented a regular update cadence for all policy documents and annual reviews are up to date.
 - (3) All EAC information security policies and procedures are now reviewed and/or updated at least annually.

- Status Per EAC OIG:**
- (1) The OIG reviewed a quotation from a third-party vendor for conducting vulnerability testing, which is not sufficient support to close the finding. Brown & Co. will review this recommendation during the FY 2021 audit.
 - (2) Brown & Co. will review EAC's IT policies and procedure updates during the FY 2021 audit to verify implementation.
 - (3) Brown & Co. will review EAC's IT policies and procedure updates during the FY 2021 audit to verify implementation.

4. Report Title: U.S. Election Assistance Commission's Compliance with the Requirements of the Federal Information Security Modernization Act

Report Number: Report I-PA-EAC-02-19

APPENDIX B

Date:	December 2019
Recommendation(s):	<ol style="list-style-type: none">(1) We recommend EAC OIT develop an annual specialized training schedule that identifies individuals who need training. The training program should include training objectives, specific appropriate training to ensure IT staff gains specific knowledge, skills, and abilities required to perform tasks in their work role.(2) EAC OIT should track the training schedule to ensure individuals receive assigned training according to the agency's policy.
Status Per EAC Management:	OCIO is tracking all training to ensure individuals receive training according to our policies. Additionally, agency-wide security training happens on both a quarterly and yearly basis and is tracked by an automated system.
Status Per EAC OIG:	Further review is required by Brown & Co. during the FISMA 2021 audit as certifications of completion for IT personnel were not provided for the specialized training, only an Excel spreadsheet documenting the assigned training.

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	7
5(a)(2)	Recommendations for corrective action	7
5(a)(3)	Prior significant recommendations unimplemented	7,10
5(a)(4)	Matters referred to prosecuting authorities	7
5(a)(5)	Information or assistance unreasonably refused or not provided	7
5(a)(6)	Listing of audit, evaluation, and inspection reports during the period	2-3, 8
5(a)(7)	Summary of each particularly significant report	2-3
5(a)(8)	Statistical tables showing questioned/unsupported costs	8
5(a)(9)	Statistical tables showing funds put to better use	9
5(a)(10)	Reports issued before the commencement of the reporting period with no management decision	10-12
5(a)(11)	Significant revised management decision made during the reporting period.	10-12
5(a)(12)	Significant management decisions with which the Inspector General is in disagreement.	7
5(a)(13)	Federal Financial Management Improvement Act information	Not Applicable
5(a)(14)-(15)	Status of Internal Peer Review and applicable recommendations	5-6
5(a)(16)	Status of Other OIG Peer Review	5-6

