

# U.S. Election Assistance Commission

## FY 2014 Summary of Performance and Financial Information

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*Assisting the effective administration of Federal elections*

## **Purpose of the Report**

This Fiscal Year (FY) 2014 Summary of Performance and Financial Information represents the U.S. Election Assistance Commission's (EAC's) effort to provide a clear and concise description of the agency's mission and organizational structure; summary of key performance goals, results and measures; analysis of financial statements; systems, controls, and legal compliance; and actions taken or planned to address issues. It provides a balanced analytical assessment, with both positive and negative information, of key program and financial performance. The report is intended as a vehicle for communicating insights about the agency, its operations, programs, successes, challenges and future outlook.

## **BACKGROUND, VISION, MISSION AND ORGANIZATIONAL STRUCTURE**

In October 2002, Congress passed the Help America Vote Act (HAVA) of 2002. The law recognized the need for States to invest in their election infrastructure and set out comprehensive programs of funding, voluntary guidance, and research. To foster those programs and to promote and enhance voting for United States citizens, HAVA established the Election Assistance Commission (EAC). The vision for EAC, according to the Strategic Plan 2009-2014, adopted March 2009, is to lead election reform that reaffirms the right to vote and to have all eligible votes counted accurately.

EAC is an independent, bipartisan agency. Four full-time Commissioners, appointed by the President and confirmed by the U.S. Senate, and three Federal advisory committees -- the Standards Board, Board of Advisors, and Technical Guidelines Development Committee -- guide the EAC. Its mission is to provide assistance to State and local election officials in the effective administration of Federal elections. EAC is statutorily required to:

- Create a clearinghouse of information for election officials and the public;
- Distribute and monitor HAVA funds to States for election administration improvements;
- Issue, periodically review and modify, as necessary, Voluntary Voting System Guidelines (VVSG);
- Accredite voting system test laboratories and certify voting equipment;
- Conduct periodic studies of election administration issues as determined by the Commission;
- Establish best practices and guidelines on election administration for State and local election officials;
- Maintain the national voter registration form developed in accordance with the National Voter Registration Act (NVRA) of 1993; and
- Provide Congress with a bi-annual report to assess the impact of the NVRA.

The Standards Board and the Board of Advisors provide advice and guidance to EAC on Voluntary Voting System Guidelines (VVSG) and other election administration issues. In addition, the Technical Guidelines Development Committee (TGDC) assists EAC in the preparation of the VVSG. The VVSG sets the standards against which voting systems are tested. The Director of the National Institute of Standards and Technology (NIST) of the U.S. Department of Commerce serves as the Chair of the TGDC and provides technical support to the

Committee. Additionally, HAVA specifies that NIST provide recommendations to EAC regarding voting system test laboratories. Since Fiscal Year 2004, EAC's annual appropriations have included funds for NIST support.

In Fiscal Years 2003 and 2004, Congress appropriated nearly \$3 billion in Federal financial assistance for payments to the States under Titles I and II of HAVA. States received the funds to upgrade their voting systems, establish a statewide voter registration database, train election officials, and educate voters. In Fiscal Year 2003, the General Services Administration (GSA) distributed \$649,500,000 in HAVA funds to the fifty States, Guam, Puerto Rico, the U.S. Virgin Islands, American Samoa and the District of Columbia on EAC's behalf. The funds were distributed for activities to improve the administration of elections (Section 101) and to replace punch card and lever voting machines (Section 102).

The Senate confirmed four Commissioners in December 2003 and EAC began operations in January 2004, within ten months of the date mandated by HAVA. The Agency's Fiscal Year 2004 operating budget was \$1.7 million. At the close of the fiscal year, EAC had a staff of 18. EAC's focus in 2004 was to assemble staff, obtain office space, arrange for administrative support from GSA, establish a website, start election administration clearinghouse operations, and distribute Federal financial assistance to the States. In FY 2004, EAC also appointed a statutorily-required General Counsel.

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

In FY 2007, Congress recognized the expanding Agency responsibilities and lifted the full-time equivalent staffing ceiling of 24. As of the end of FY 2014, EAC had a full-time staff of 19 employees. Since its inception, EAC has received \$2,606,150,000 in requirements payments, \$25,850,000 in discretionary grant funds for Poll Workers, Mock Elections, Election Data Collection, Voting Technology Improvement Research and Equipment and Pre-Election Logic and Accuracy Testing and Post-Election Verification and transferred \$33,788,000 to NIST. EAC also tracks and provides technical assistance on the Section 101 funds. The time period for using the Section 102 funds has expired, and EAC is in the process of collecting remaining unused funds.

### **EAC Organization by Program**

EAC has organized its offices around the goals in the Strategic Plan. Below are brief descriptions of the four offices responsible for implementing the Strategic Plan programmatic goals: Communicate; Fund and Oversee; Study, Guide, Assist; and Test and Certify. Following the descriptions is EAC's organization chart.

## **Communications and Clearinghouse**

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

- EAC Website and Clearinghouse
- Social media
- Media inquiries
- External communications
- Congressional relations
- The Freedom of Information Act
- National Archives and Records Act
- Editorial support: press releases, speeches, and Congressional testimony

The agency's website, [www.eac.gov](http://www.eac.gov), is the primary communications tool. EAC.gov contains thousands of documents and information about voting systems, press releases, informational videos, research, data and program-related information. It also features on-demand webcasts and related information from public meetings, hearings and roundtables.

EAC's award-winning website features a user-driven notification system, allowing visitors to customize how they receive information. Users can customize their online experience by signing up for automatic e-mail alerts on a variety of election topics and events, including public meetings, advisory board meetings, reports, policies and agency news. These alerts can be received in real time on a daily or weekly basis.

## **Grants Management**

The Grants Management Division:

- Provides technical assistance to the States on administering Federal funds;
- Awards and monitors discretionary grant programs including: Help America Vote College Program, Help America Vote Mock Election Program, Military Heroes Initiative, Voting System Pre-Election Logic and Accuracy Testing and Post-Election Audit Initiative, and Accessible Voting Technology Initiative;
- Processes and disburses payments to States and discretionary grant recipients;
- Tracks the submission of and reviews the content of financial and performance reports submitted by States and discretionary grant recipients;
- Reviews audit reports and works with fund recipients on recommendations to resolve audit findings applicable to EAC programs;
- Reviews amended State Plan submissions; and
- Drafts advisory opinions for Commission approval and issuance.

## **Research, Policy and Programs**

The Research, Policy and Programs Division:

- Conducts research on election administration topics as mandated by Congress and at the discretion of the Commission;
- Administers the biennial Election Administration and Voting Survey;
- Administers the National Mail Voter Registration Form as prescribed by the National Voter Registration Act (NVRA) of 1993, also known as “Motor Voter;”
- Administers the Election Management Guidelines and Quick Start Tips Program to help election officials promote secure, efficient, accurate, and accessible elections by providing information on topics such as Ballot Design, Polling Place Management, Voting Accessibility, Communicating with the Public, Contingency Planning, Managing Change in an Election Office, Media and Public Relations, and Developing an Audit Trail for the verification of votes;
- Manages the Language Accessibility Program to provide informational materials on the Federal election process and glossaries of election terminology in English and six other languages, and translates the National Mail Voter Registration Form into ten languages other than English; and
- Provides materials to voters and election administration officials to facilitate their successful participation in Federal elections such as registering to vote.

Research and reporting is mandated by HAVA on topics such as the impact of the National Voter Registration Act and on the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA) for military and overseas voters’ participation in Federal elections; the feasibility and advisability of establishing free absentee ballot return postage; recounts and contests; the feasibility of alternative voting methods; the voting experiences of first-time voters who register to vote by mail; administering elections in urban and rural areas; and the feasibility and advisability of identifying voters by Social Security Number.

## **Voting System Testing and Certification**

Under the Help America Vote Act, EAC accredits voting system test laboratories and certifies voting equipment, marking the first time the Federal government has offered these services to the States. Participation by States in the program is voluntary. Staff works with NIST to evaluate and accredit voting system test laboratories and the management of the voting system certification process.

The Testing and Certification (T&C) Division:

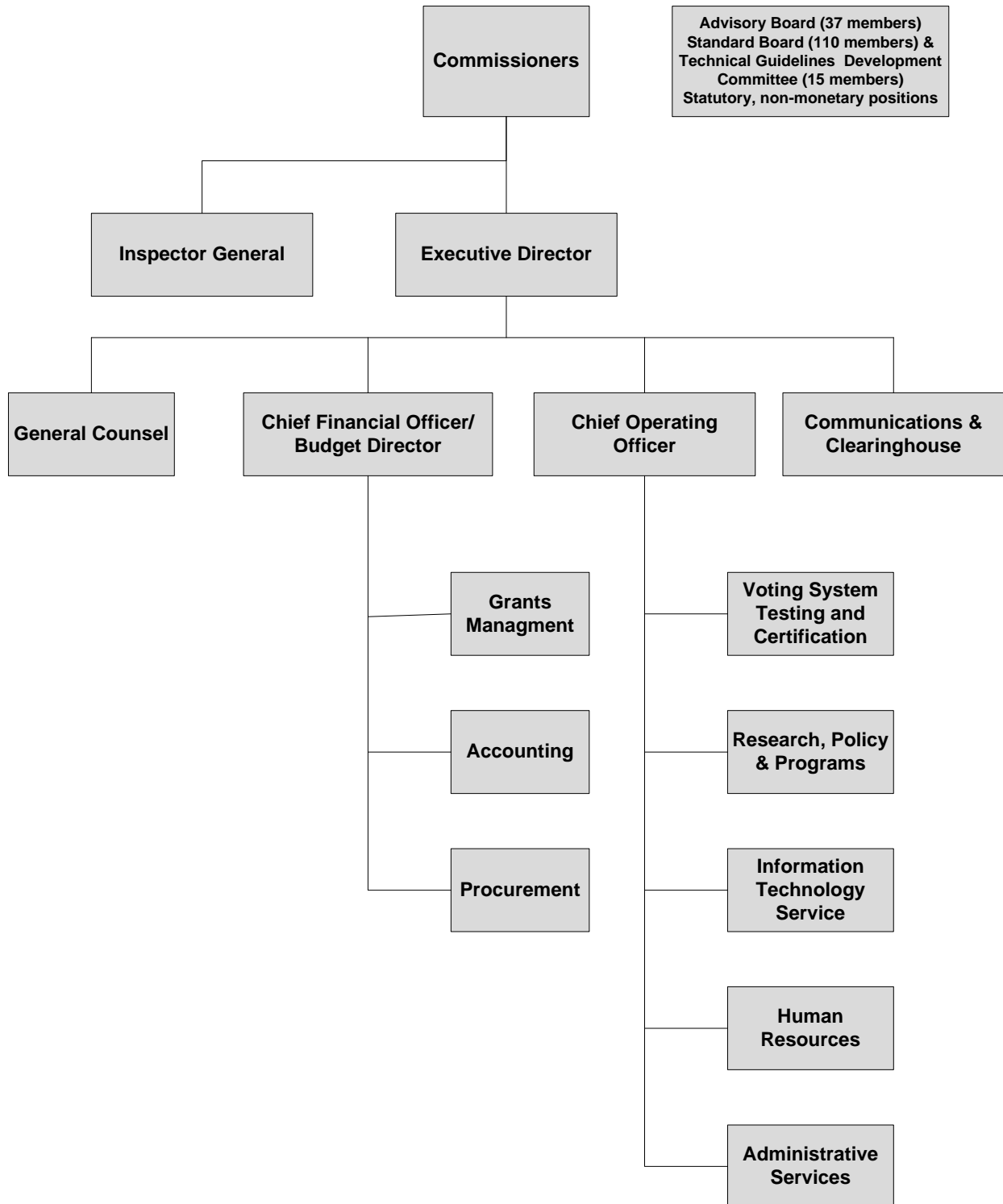
- Assists States with voluntary certification of their systems;
- Supports local elections officials in the areas of acceptance testing and pre-election system verification;
- Promotes quality control in voting system manufacturing through the EAC quality monitoring program; and
- Provides procedures to the voting system manufacturers for the testing and certification

of voting systems to specified Federal standards consistent with the requirements of HAVA Section 231 *Certification and Testing of Voting Systems*.

EAC's voting system certification program establishes accountability through its Quality Monitoring Program which ensures, through various check points, that the voting systems used in the field are the same systems EAC has certified. For instance, under the program, EAC has the ability to conduct site visits of production facilities to determine whether systems produced are consistent with those that have received EAC certification. In addition, EAC collects reports from election officials regarding voting system anomalies. After reviewing the reports, EAC disseminates the information to election officials. Furthermore, upon invitation or with permission from election officials, EAC conducts reviews of systems that are in use in the field.

More information about EAC's Voting System Certification and Testing Program is available in EAC's Frequently Asked Questions on [eac.gov](http://eac.gov).

# ELECTION ASSISTANCE COMMISSION ORGANIZATION CHART



## PERFORMANCE GOALS, OBJECTIVES AND RESULTS

EAC formalized its planning, reporting and execution activities with its first five-year Strategic Plan 2009-2014. The plan was reviewed by the Office of Management and Budget, and presented to EAC's Board of Advisors and Standards Board for comment, as required by HAVA. EAC adopted the Plan in March 2009.

### How EAC Assesses Performance

EAC has five strategic goals:

1. Communicate timely and accurate information on the effective administration of elections for Federal office and on the operations and services offered by EAC.
2. Deliver and manage Federal funds effectively.
3. Identify and develop information on areas of pressing concern regarding the administration of elections for Federal office, issue recommended improvements, guidance, translations, and best practices as required by HAVA, and carry out responsibilities under the National Voter Registration Act.
4. Build public confidence in elections by testing and certifying voting systems to improve system security, operation, and accessibility.
5. Achieve organizational and management excellence.

The EAC Strategic Plan objectives listed below describe in general terms the results needed to accomplish its Strategic Goals. Outcomes measure the effect program outputs have on their stakeholders. Outputs are quantifiable targets that directly measure the results of a program. A program may have multiple outputs but each output is associated with one program. Performance measures are quantifiable, documentable, representations of a capacity, process or outcome that is relevant to the assessment of performance.

### Strategic Plan Goal 1: Communicate timely and accurate information on the effective administration of elections for Federal office and on the operations and services offered by EAC.

Outcome: The Congress, Federal agencies, State and local election officials and the public receive reliable, accurate, and non-partisan information about administering, conducting and participating in Federal elections and how, where, and when Americans vote.

	<b>FY 2014 Enacted Budget Communications</b>
Direct Costs	\$677,274
Indirect Costs	295,668
<b>Total</b>	<b>\$972,942</b>

Goal 1's aim of communication of timely and accurate information is the responsibility of the Communications and Clearinghouse division.



## **Goal 1 FY 2014 Accomplishments**

The Communications and Clearinghouse division began Fiscal Year 2014 with focused efforts on providing information and best practices to election officials and voters. EAC maintained the goal of building a community of knowledge and expertise that could save election officials time and money in preparation for the 2014 Federal election cycle.

### **EAC.gov Resources**

- The Election Official Exchange: an online resource built by EAC to help local election officials connect and leverage their collective knowledge by sharing best practices and knowledge. By participating in the Exchange, any U.S. election official can call on a colleague for advice about virtually any administrative task they face, from testing voting equipment and training poll workers to creating an audit trail and conducting a recount.
- Events finder: a comprehensive presentation of all EAC public events, including meetings, hearings and roundtable discussions.
- Webcasts: public events are offered live. On demand webcasts are available within 24 hours. The meeting agenda accompanies the webcast, and the viewer can select topics of interest. All meeting materials are also available to the public.
- Customized program updates: a listserv for EAC's newsletter and automatic program updates. Users are notified daily or weekly when new documents are posted based on their delivery preferences.

### **Social Media and Stakeholder Updates**

- Blog posts provided periodic election updates and highlighted program activities including: EAC resources; the 2014 election calendar and election updates; voting system testing updates to track progress made on EAC voting system certification; Quick Tips for voters and election officials; FAQ Facts about voting in Federal elections; roundtable discussions on managing the polling place; reforms to the testing and certification process; the past successes and future direction of the EAC grants program; State Requests for Procurement for purchases of voting systems/e-pollbooks, and the Institute of Electrical and Electronics Engineers Voting System Standard Committee working group on common data format; and ongoing blog posts covering election-related topics to answer frequently asked questions and provide critical or time-sensitive information to stakeholders and the media;
- Used @EACgov on Twitter to rapidly deliver information and updates to stakeholders and the public about the voting system certification program, EAC activities and election information, communicate with election officials, and build a community of expertise;
- Maintained Twitter @EACgov and the hashtag #EACvote where election officials and the public can gather and discuss preparation for the next Federal election. The number of EAC Twitter followers grew from 1,602 to 1,968 from October 2013 through September 2014;
- Delivered information and updates to election officials and stakeholders about:
  - 1) roundtable discussions, workshop seminars and webinars;
  - 2) research products and resources;

- 3) voting system certification; and
- 4) HAVA grants management.
- Publicized and circulated EAC's four new online downloadable Quick Start Tips that offer concise tips for election officials with links to examples of materials to help them better manage their elections process on how to:
  - 1) Manage the Voting Process Better;
  - 2) Employ Effective Poll Workers;
  - 3) Strengthen Voter Education Programs; and
  - 4) Make Election Data Pay Off.
- Publicized and circulated EAC's 10 voter tips and 14 voter FAQ facts to help and encourage voters to become familiar with the voting process before the 2014 election.
- Notified States about EAC's new streamlined process for requesting and receiving HAVA requirements payments funds and posted the certification and assurances forms and memorandum to chief election officials on the website.
- Circulated updated EAC HAVA funding charts with statistics to stakeholders tracking HAVA Title I *Payments to States for Election Administration Improvements and Replacement of Punch Card and Lever Voting Machines* and Title II *Commission* funds awarded and disbursed to the States.
- EAC Notices for Public Comments:
  - Notice issued for public comment on whether to amend the State-specific NVRA instructions for Arizona, Kansas, and Georgia to include additional proof-of-citizenship instructions on the national mail voter registration form.
  - Notices issued for each of two public comment periods on EAC's 2014 research regarding consolidating the U.S. Department of Defense Federal Voting Assistance Program (FVAP) local election official survey into the EAC survey.
  - Notices issued for each of two public comment periods on the renewals of two existing information collections: EAC's Voting System Testing and Certification Program Manual, Version 1.0; and EAC's Voting System Test Laboratory Program Manual, Version 1.0.
- EAC Memorandum of Decision on NVRA Form: posted a memorandum of decision concerning State requests to include additional proof-of-citizenship instructions on the national mail voter registration form (January 17, 2014).
- As requests were received from election officials, EAC continued to add more links to State and local election social media sites.

## **2014 Public Roundtable Discussions, Workshop Seminars and Webinars**

In Fiscal Year 2014, EAC hosted three public roundtable discussions which followed the series of prior EAC roundtables. In March, EAC hosted a roundtable consisting of two former Presidential Commission on Election Administration (PCEA) commissioners, and State and local election officials to discuss recommendations made by the PCEA related to polling place location and design, managing queues, recruiting and training poll workers and the use of precinct management technologies to improve and streamline the voting experience.

A second roundtable was held in June to discuss reforms to the testing and certification process that can better meet the needs of State and local jurisdictions. Panelists included State and local

election officials, technical experts and former members of PCEA. In September, EAC hosted a third roundtable for State and local election officials, grant managers and research experts to discuss EAC’s grants program past successes and future direction.

All three roundtables were webcast live and featured a live Twitterfall. Questions and comments were taken from the public through the webcasts. EAC distributed press advisories to national media daybooks and contacts, and to the home State and local media outlets representing roundtable participants.

EAC also publicized and promoted participation in six regional Election Center (an association for individuals involved in voter registration and elections administration) Accessible Voting Workshop seminars to help election jurisdictions of all sizes to prepare for an anticipated rise in the number of voters with disabilities; four EAC/NIST Accessible Voting Technology Initiative (AVTI) webinars; and an Information Technology and Innovation Foundation (ITIF) panel discussion and demonstration of accessible technologies developed through an ITIF initiative funded by EAC. The initiatives were made possible through EAC grants funded by FYs 2009 and 2010 Congressional appropriations.

**Strategic Plan Goal 2: Deliver and manage Federal funds effectively.**

Outcome: States and other recipients promptly and accurately receive Federal funds administered by EAC and use the funds appropriately to improve the administration of elections for Federal office.

Goal 2 is administered by the Grants Management division and the Office of the Inspector General.

<b>FY 2014 Enacted Budgets Grants Management and Office of the Inspector General (OIG)</b>	
Grants Management	\$ 414,091
OIG	1,157,241
Indirect Costs	1,256,590
<b>Total</b>	<b>\$2,827,922</b>

**Goal 2 FY 2014 Accomplishments**

- Disbursed Requirements Payment grants to States certifying compliance for the FY 2009 through FY 2011 award years (\$2,070,509 for FY 2009 to two States; \$1,449,356 for FY 2010 to two States; and \$95,153 for FY 2011 to five States);
- Provided technical assistance to grant recipients as they are responsible for establishing and maintaining internal controls that reasonably ensure compliance with Federal laws,

regulations, and the provisions of authorizing legislation and grant agreements for the applicable grant programs;

- Monitored and provided technical assistance for the Voting System Pre-Election Logic and Accuracy Testing & Post-Election Audit Initiative grants, and the Accessible Voting Technology Initiative grants. The projects focused on making pre-election information accessible to voters and using specialized systems in the field for elections;
- Closed the remaining four three-year award 2010 College Poll Worker and four 2010 Mock Election Program grants;
- Closed seven of eight open Office of the Inspector General audits of State use of HAVA funds.

**Strategic Plan Goal 3: Identify and develop information on areas of pressing concern regarding the administration of elections for Federal office and issue recommended improvements, guidance, translations, and best practices as required by HAVA, and carry out responsibilities under the National Voter Registration Act.**

Outcome: As a result of this goal: 1) the election community and other key stakeholders improve the administration of elections for Federal office on the bases of pertinent, impartial, timely, and high-quality information, recommendations, guides and other tools on election and voting issues, and 2) eligible citizens use the mail voter registration application to register to vote, register with a political party, or report a change of name, address, or other information.

Goal 3 is administered by the Research, Policy and Programs division.

	<b>FY 2014 Enacted Budget Study, Guide and Assist</b>
Direct Costs	\$969,894
Indirect Costs	770,527
<b>Total</b>	<b>\$1,740,421</b>

**Goal 3 FY 2014 Accomplishments**

*Research:*

- Responded to ongoing inquiries regarding the 2012 EAVS data and responded to States’ requests to post updates/corrections to their data files. In preparation for administering the 2014 EAVS, performed an assessment of the 2012 survey.
- Completed two Federal Register Notice public comment periods on the 2014 EAVS. Performed a review and analysis of public feedback (45 comments) from the Federal Register public comment periods, completed the Paperwork Reduction Act (PRA) package for the 2014 survey submission to Office of Management and Budget (OMB) and received final OMB approval.
- Pursuant to a Memorandum of Understanding between EAC and FVAP, the 2014 EAVS will include 12 additional FVAP questions. These questions are incorporated from the

previous FVAP local election official survey. EAC and FVAP staff and each agency's contractors reached agreement on the final wording of the 2014 questions, agreed on the rules that will be used to validate the UOCAVA data that State's provide and agreed to a timeline for the release of the FVAP report that will use 2014 EAVS data.

- EAC finalized a contract to administer the 2014 EAVS, analyze the data and prepare a report summarizing the data.
- In consultation with the contractor, staff made final changes to the 2014 EAVS Supplemental Instruction Manual and the 2014 EAVS Statutory Overview. By the end of FY 2013, 42 states had completed their submission of data for the 2014 Statutory Overview.
- Reviewed and gave sign-off to a GAO document referencing EAC data related to provisional voting and voter registration.

#### *Policy:*

- Staff met with U.S. Department of Justice (DOJ) staff attorneys regarding pending court cases involving the States of Kansas and Arizona. Staff prepared documents and certifications of EAC materials related to these court cases including creating a notice for public comment in the Federal Register regarding a response to the Kansas court decision on *Kobach vs. EAC*.
- For follow-up to the Kansas court decision (regarding EAC and its update to the NVRA State instructions), EAC worked with DOJ attorneys and other Federal agency staff to ensure: prompt and proper posting of a Federal Register Notice; cataloging and monitoring of those public comments through the Federal Document Management System (FDMS) website; and subsequent uploading of the 241 comments captured through the FDMS website onto Regulations.gov.
- Processed changes to the NVRA form to update State instructions for three requesting States.
- Finalized a contract award for translation services. The vendor completed foreign-language updates to NVRA State instructions for Georgia, Wisconsin, New York State and Tennessee. These updates were posted to EAC's website.
- Participated in senior management discussions related to updating the EAC strategic plan and completed the update of the RPP portion (Study, Guide and Assist) portion of the 2015-2020 EAC Strategic Plan.

#### *Programs:*

- Two former local election officials were hired as part-time employees to assist with updating EAC's Quick Start Guides. Further, a contract also was awarded to HR Communications to create a new design and brand for the Quick Start program.
- During Fiscal Year 2014, four new Quick Tips (formerly referred to as Quick Starts) were published on: ***Managing the Voting Process; Educating Voters; Poll Worker Recruitment and Training***, and ***Why Good Data Matters***. Information contained in the Quick Tips was based on conference calls conducted with a group of local election officials and on research performed on election jurisdictions from around the country.
- Drafts of Quick Tips documents were written on:

- 1) *Serving UOCAVA Voters,*
- 2) *Conducting Audits,*
- 3) *Monitors at the Polls,*
- 4) *Administering Provisional Ballots,*
- 5) *Alternative Voting Methods,*
- 6) *Disaster and Contingency Planning* and
- 7) *Managing Change in Elections.*

These Quick Tips, to be designed and edited by a contractor will be published in early FY 2015.

- A flier on “*10 Tips to Enhance Your Voting Experience*” was written and posted to EAC’s website. This is an update to the 2014 EAC Voter Tips flier.
- A flier on “*14 Facts About Voting in Federal Elections*” was written and posted to EAC’s website. This is an update to the 2011 EAC *Voter’s Guide to Federal Elections*.
- In consultation with EAC’s communications department staff, developed a social media program plan to promote the new Quick Tips program and products through EAC’s social media.
- Performed ongoing program reviews of final program reports submitted by Mock Election and College Poll Worker program grantees.

**Strategic Plan Goal 4: Build public confidence in elections by testing and certifying voting systems to improve system security, operation and accessibility.**

Outcome: Voting equipment operates more reliably and securely and is more accessible to the disabled. States use the EAC testing and certification program to ensure voting systems meet standards.

Goal 4 is administered by the Voting System Testing and Certification (T&C) division.

	<b>FY 2014 Enacted Budget Testing and Certification</b>
Direct Costs	\$ 1,006,457
Indirect Costs	1,552,258
<b>Total</b>	<b>\$ 2,558,715</b>

**Goal 4 FY 2014 Accomplishments**

In FY 2014, the Certification Division:

- Certified six voting systems;
- Managed testing campaigns for five additional systems (testing not completed as of the date of this report);
- Processed the registration of one new voting system manufacturer;
- Drafted and published four Requests for Interpretation (RFIs) to the Voluntary Voting System Guidelines (VVSG);

- Drafted and published three Notices of Clarification (NOCs) to Testing & Certification Program Manuals;
- Continued development of and implemented major updates to EAC's Virtual Review Tool (VRT);
- Audited two voting system manufacturing facilities;
- Conducted two Manufacturing Quality Assurance audits;
- Held an in-person Technology Testing Agreement meeting between EAC, a VSTL and non- traditional voting system manufacturer.
- Performed two laboratory re-accreditation audits, and a follow-up to an initial new laboratory accreditation audit.
- Held one VSTL Meeting and one Voting System Manufacturers Meeting.

**Strategic Plan Goal 5 is to implement a high performance organization. The anticipated outcome of the goal is that EAC proficiently carries out EAC's strategic objectives.**

The three strategic objectives of Goal 5 are to improve performance, strengthen internal controls; and maximize efficiencies.

Key performance measures include implementing 90 percent of Office of the Inspector General audit recommendations within agreed upon timeframes, and to meet and exceed annual performance measures. To date, only two of the recommendations remain open pending a quorum of the Commission for final resolution.

On the metric regarding meeting annual performance measures, management continually works to foster a culture of accountability among staff. Agency directors responsible for implementation of the EAC Strategic Plan goals report on their division metrics in the Agency Financial Report, the Annual Performance Report along with the Congressional Budget Justification, and on planned metrics in the OMB Budget Justification each year.

Towards efforts at continually improving internal controls, the agency seeks to improve staff satisfaction ratings and achieve management excellence. Directors complete assessable unit risk assessment questionnaires and individual letters of assurance, which are reviewed and rolled into the agency's Annual Statement of Assurance. EAC will continue to focus on resolution of issues identified in audits, setting up sound systems and policies and procedures, working with managers on the relationship between budget and performance, maximizing use of staff and financial resources, and training EAC staff on financial management processes and their responsibilities.

In FY 2014, EAC provided valuable financial management tools and support. All staff were offered internal control training on-site; Contracting Officer's Representative were offered financial report and accrual training; and managers held a retreat on updating performance measures in the draft EAC Strategic Plan for 2015-2020. Agency staff is able to utilize four automated systems (procurement, travel, purchase-card, and time and attendance) via interagency agreements.

During FY 2014, to further maximize efficiencies, EAC stored hundreds of boxes of files

inexpensively at the National Archives and Records Administration Federal Records Center according to their records retention schedules. Further, EAC continued its commitment made in October 2010 to reduce staff; has reassigned functions internally and uses the services of other agencies to obtain efficiencies of scale.

The agency moved to new space in a Federal building in Silver Spring, Maryland from Washington, DC. The move was consistent with Section 3 of Office of Management and Budget Memorandum 12-12 *Promoting Efficient Spending to Support Agency Operations*, and OMB Management Procedures Memorandum 2013-02 *Freeze the Footprint* policy implementing guidance. The number of square feet utilized by the agency declined from 17,548 in FY 2013 at \$52.46 per square foot (\$920,568.08) to 6,000 in FY 2014 at \$37.12 per square foot (\$222,720) after the move. The agency’s move to new open office space, saved \$697,848.08 or over 75 percent on rent.

The open office space concept allows for scaling the number of staff up or down through the use of telecommuting. In FY 2014, staff was equipped with laptop computers so they could telecommute two days per week from any location. Telecommuting has been shown to improve staff’s work-life balance and morale. It also helps ensure that the agency is able to implement its continuity of operations plans if needed.

**Summary Performance Information**

The following table presents key EAC FY 2014 program performance data. More detailed performance information is presented, and variances discussed, in the FY 2014 Annual Performance Report along with the FY 2016 Congressional Justification.

**EAC FY 2014 Performance Summary**

Program		Performance Indicator	Type of Indicator	Planned	Actual
<b>Strategic Goal 1: Communicate</b>					
	Issue Clearinghouse policy		Output	Final	In Final Draft (quorum required for final approval)
	Issue Policies/Procedures to process requests from outside EAC		Output	Final	In Final Draft
<b>Strategic Goal 2: Fund and Oversee</b>					
	Award grants within established timeframes		Output	100%	L&A round two pending quorum (to approve new Notice of Funds Availability)
	Resolve 100 percent of audit findings within established time frames		Output	100%	88% (one audit remains open)



	Negotiate indirect cost rates within 30 days of receipt of acceptable indirect cost proposals	Output	100%	Submit requests for negotiation to HHS upon receipt (proposals are forwarded by EAC electronically to HHS for negotiation)
<b>Strategic Goal 3: Study, Guide, Assist</b>				
	Issue reports to Congress by statutory deadlines	Output	3	3
	Disseminate all completed research project reports to stakeholders	Output	100%	100%
<b>Strategic Goal 4: Test and Certify</b>				
	Produce updates to the VVSG in Fiscal Years 2010 and 2014	Output		VVSG Version 1.1 revised and updated. Awaiting EAC Commissioner adoption
	Conduct at least one review of a manufacturing facility of a registered manufacturer at least once every 4 years	Output	1	2 (Dominion and MicroVote)
	Plan to conduct field reviews for at least 50 percent of jurisdictions that volunteer for reviews	Output	50%	N/A (No requests made in FY 2014)

## Portfolio Analysis

Since 2004, EAC has received funds in three appropriations: Salaries and Expenses, Election Reform Programs, and for FY 2008 only, Election Data Collection Grants. The purpose of the Data Collection grants of \$2.0 million each to five States was to measure the costs of improving the collection of election data at the precinct level during the 2008 Federal election. In FY 2014, the Salaries and Expenses appropriation of \$10.0 million funded a \$1.9 million transfer to NIST, staff salaries and benefits, travel, rent and telecommunications, printing, contracts, supplies and equipment.

## FINANCIAL RESULTS

This analysis is intended to help readers understand EAC's financial results, position and condition as portrayed in the financial statements and notes to the statements. It explains changes in assets, liabilities, costs, revenues, obligations, and outlays; includes comparisons of FY 2014 to FY 2013; and discusses the relevance of balances and amounts in the financial statements and notes. The changes are discussed in the context of whether the year's activities improved or deteriorated the agency's financial position.

## Budgetary Resources

Budgetary resources (obligations incurred, apportioned unobligated balances, and unobligated

balances not available) are the amounts available to enter into new obligations and to liquidate them. The majority of EAC's available budgetary resources are for Requirements Payments in the Election Reform Program appropriation. Budgetary resources include new Budget Authority from appropriations and unobligated balances of Budget Authority provided in previous years in the no year Election Reform Program account.

For FY 2014, the available budgetary resources were \$19.9 million, in both FY 2014 and the restated FY 2013. In FY 2014, EAC's appropriations totaled \$10.0 million, for salaries and expenses, down from \$10.9 million in FY 2013.

The majority of the remaining unspent HAVA Section 102 payments made to the States in FY 2003 and FY 2004 were returned to EAC in FY 2014. These funds will be disbursed as HAVA Section 251 Requirements Payments.

Obligations Incurred decreased from \$8.1 million in the restated FY 2013 to \$6.5 million in FY 2014 primarily as a result of the disbursement of FYs 2008-2011 Requirements Payments and the reduction in the annual appropriation. Unobligated Balance – Apportioned increased from \$3.3 million in the restated FY 2013 to \$4.2 million in FY 2014.

## **Financial Position**

### *Assets*

EAC had \$25.9 million in total assets (Fund Balance with Treasury, Advances and Prepayments, and Other Assets) as of September 30, 2014, down from \$29.3 million in restated FY 2013. This decrease is largely the result of disbursements of Requirements Payments from the FYs 2008-2011 awards.

### *Liabilities*

EAC had total liabilities (accounts payables, accrued payroll and benefits, and unfunded leave) of \$6.5 million as of September 30, 2013 and \$3.5 million September 30, 2014.

### *Net Position*

Net position (Unexpended Appropriations and Cumulative Results of Operations) decreased in FY 2014 to \$22.3 million from \$22.8 million in FY 2013. Unexpended Appropriations decreased primarily due to expenditure of Requirements Payments.

## **Results of Operations**

EAC, as presented in its Statement of Net Costs, reports its results of operations within four programs: Communications and Clearinghouse; Fund and Oversee; Study, Guide, Assist; and Testing and Certification. Costs specifically identified with each of these programs such as assigned personnel costs and specific program contract costs are allocated to the program directly. The Fund and Oversee program reports the expenditures for the Requirements

Payments and the other EAC grants. In years in which EAC received significant appropriation for these HAVA funds, this program, Fund and Oversee, typically exceeded the other programs in overall costs. Other general agency overhead costs such as rent, human resource costs and financial management costs are allocated on a per employee basis. This methodology is outlined in EAC's Cost Allocation Model and is reviewed by the financial statement auditors each year to ensure the accurate allocation of expenses to each program.

Total Net Cost of Operations (expenses in the salaries and expenses, and grant appropriations) for EAC was \$7.9 million for Fiscal Year 2014.

### **Limitations of the Financial Statements**

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

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

### **ANALYSIS OF CONTROLS, MANAGEMENT SYSTEMS, AND LEGAL COMPLIANCE**

#### **Internal Control Environment**

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

EAC has developed and implemented management, administrative and financial system controls with the aim of ensuring:

- 1) programs and operations achieve intended results efficiently and effectively;
- 2) resources are used in accordance with the mission of the agency;
- 3) programs and resources are protected from waste, fraud and abuse;
- 4) program and operations activities are in compliance with laws and regulations; and
- 5) reliable, complete and timely data are maintained and used for decision-making.

The agency can provide qualified assurance that internal control over financial reporting to ensure that transactions are: executed in accordance with budgetary and financial laws and other requirements, consistent with the purposes authorized, and recorded in accordance with Federal

accounting standards. EAC ensures that assets are properly acquired and used, safeguarded to deter theft, accidental loss or unauthorized disposition, and fraud.

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

### **Federal Manager's Financial Integrity Act**

The Federal Manager's Financial Integrity Act (FMFIA) of 1982 requires Executive Branch agencies to establish, maintain, and assess internal controls to ensure that agency program and financial operations are performed effectively and efficiently. To help ensure that controls have been identified and implemented, the heads of agencies must annually evaluate and report on the effectiveness of the internal control (FMFIA Section 2) and financial management systems (FMFIA Section 4) that protect the integrity of Federal programs. Since FY 2009, EAC has incorporated the results of self-assessments of financial management internal controls to further demonstrate evaluation of internal controls.

A material weakness was identified by management beginning in FY 2008 concerning EAC's lack of effective written policies and procedures. EAC finalized records management procedures in FY 2014. EAC plans on adopting Communications and Clearinghouse Policy and National Voter Registration Act revised rules once a quorum is in place.

EAC is working with the new financial services provider to ensure internal controls over financial reporting are strong.

### **Entity-Wide Security Program**

EAC recognizes that effective security management is critical to EAC's mission. The ability to ensure confidentiality, integrity, and availability of its information assets is essential to minimizing risks of inadvertent or deliberate misuse, fraud or destruction.

The FY 2014 Federal Information Security Management Act (FISMA) evaluation report found that EAC was in substantial compliance with FISMA requirements. Specifically, it was noted that EAC had established sufficient policies and procedures relating to its IT security program to address identified risks; implemented actions to address prior concerns relating to Privacy Act requirements; established a continuous monitoring program that substantially addressed all NIST requirements (using Asset management and IT service desk utilities); provided annual security awareness training and specialized training to its IT specialists; developed and tested a contingency plan; and had established required access controls sufficient to meet identified risks.

The summary of EAC's 2014 FISMA audit shows that EAC was in substantial compliance with FISMA requirements, OMB policy and guidelines, and applicable NIST standards and guidelines for the security control areas evaluated. EAC had developed an agency-wide IT security program based upon assessed risk. The FISMA audit concluded that the security program in place provided reasonable assurance that the agency's information and information systems are appropriately protected.

## **Audit Follow-Up**

EAC's Office of the Inspector General (OIG) conducts audits and reviews of the agency's operations. The Office of the Chief Financial Officer (OCFO) works closely with EAC management and the OIG to complete actions necessary to respond to audit findings. As of September 30, 2014, EAC has two open findings to resolve. EAC also considers and responds to recommendations from audits and reviews conducted by the Government Accountability Office.

## **Management Challenges Identified by the Inspector General**

EAC's Inspector General reported on two categories of management challenges in October 2014: performance management and accountability, and records management. The former consists of pending Communications and Clearinghouse policy and procedures which will be presented to EAC's recent quorum of commissioners for adoption. Regarding records management, EAC expects to submit records retention schedules for the offices of Communications; Research, Policy, and Programs (RPP); and Testing and Certification during FY 2015.

## **Federal Financial Management Improvement Act**

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

## **Accountability of Tax Dollars Act of 2002**

The Fiscal Year 2014 financial statement audit report, in which the agency was given an unmodified or "clean" audit opinion, identified a material weakness in internal control over financial reporting.

## **Federal Information Security Management Act**

EAC was in compliance with the Federal Information Security Management Act at the end of FY 2014.

## **Inspector General Act Amendments of 1988**

The EAC Office of the Inspector General audits HAVA funds administered by recipients of HAVA grants and transmits single audit reports that present findings on HAVA funds to EAC. The principal recipients of HAVA grant funds are State governments.

**Links to documents:**

FY 2014 Agency Financial Report,

<http://www.eac.gov/assets/1/Documents/Final%20AFR%2011.13.14.pdf>

FY 2014 Annual Performance Report,

<http://www.eac.gov/assets/1/Documents/APR%20FY%2014%20January%2029%202015%20FINAL.pdf>

FY 2016 Congressional Budget Justification,

<http://www.eac.gov/assets/1/Documents/FY%202016%20CBJ%20Jan%2029%202015%20FINAL.pdf>