



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

## **AGENCY FINANCIAL REPORT**

**November 15, 2016**

ABOUT THIS REPORT

For FY 2016 reporting purposes, the U.S. Election Assistance Commission (EAC) has again elected to submit an Agency Financial Report, with an Annual Performance Report along with the Congressional Budget Justification, and a Citizens' Report. The reports are targeted to the Office of Management and Budget (OMB), Congress, and the Public, respectively. The AFR allows EAC to focus on and lay out its financial position at this time, while providing summary performance data. A combined Annual Performance Report/Congressional Budget Justification, and a Citizen's Report, will follow per guidance in OMB Circular A-136, *Financial Reporting Requirements*.



November 15, 2016

## MESSAGE FROM THE CHAIRMAN

The U.S. Election Assistance Commission (EAC) is an independent bipartisan agency whose mission is, “to assist in the effective administration of Federal elections.” Following is EAC’s Fiscal Year (FY) 2016 Agency Financial Report. The report describes EAC’s accomplishments, financial activity results during the past fiscal year, and efforts to strengthen internal controls and financial management activities.

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

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

- Issued 31 voting system certifications (seven full systems and 24 modifications; with 17 withdrawn or terminated by manufacturers);
- Conducted manufacturing facility audits, quality assurance audits of voting system manufacturers, and formal and informal investigations of voting systems in the field;
- Drafted, approved, and implemented two versions of the Voluntary Voting System Guidelines and have begun the next generation standard;
- Awarded, monitored, and audited state HAVA grants totaling nearly \$3.3 billion for election administration and voting system modernization;
- Administered discretionary grant programs for mock election and college poll worker programs, accessibility innovations, military voting projects, and logic and accuracy testing;

- Created, administered, and reported the biennial Election Administration and Voting Survey for all federal elections, issuing reports and data sets for each survey year;
- Created and maintained a clearinghouse for election information including 19 EAC Election Management Chapters, 21 Quick Start Guides and 15 Quick Tip Guides; Voter's Guides and educational materials in several languages to assist voters; conducted research; and facilitated the collection of best practices.
- Brought together State and local election officials, academics and voter advocates for a series of ten roundtables, an Election Data Summit, a Language Accessibility Summit, and a Future of Voting Symposium with the National Institute of Standards and Technology (NIST).

In preparation for the 2016 Presidential Election cycle, EAC created the 'BeReady16' election initiative, designed to help election administrators prepare for and administer the 2016 elections by providing a host of resources, including public forums, events, videos, training materials, best practices, webisodes, toolkits, and other administrative resources.

EAC Commissioners and staff have also worked closely with other election experts to create the videos and webisodes on topics such as military and overseas voters; best practices for recruiting, training, managing and retaining election workers; vote by mail best practices; accessibility for voters with disabilities; a toolkit for election officials and voters; managing election technology ("Tech Time"); contingency planning; procuring voting systems; election security preparation; and electronic pollbook requirements.

BeReady16 also included a series of recorded panel discussions of innovative methods, technologies, and tools that help election officials manage and analyze the election process. These valuable tools help election officials estimate: the number of poll workers and voting machines that are needed at thousands of polling locations across the country, and wait times for voters based on the number of voters who might show up at a polling station. Since administering elections in a presidential election year is an extraordinary undertaking, EAC was happy that we could provide these resources to help the dedicated election administrators.

The Commission held a Public Meeting on January, 6, 2016, where Commissioners heard a recommendation for adoption of a Voluntary Voting System Guidelines (VVSG) 1.1 transition date. The Commission also heard a discussion on a draft Recommendation of Policy Regarding Employee Participation with Outside Organizations.

The January Public Meeting was followed by a roundtable entitled, "Preparing for Election 2016 in Battleground Jurisdictions." The roundtable explored how election officials in 2016 battleground states are preparing for the upcoming election cycle. The discussion focused on identifying concerns, risks, mitigation strategies and best practices for dealing with the special challenges of a presidential election cycle. The

objective was to share best practices for preparing for and executing an election, and monitoring media and election advocate's reports and speculations.

On January 28, 2016, the Commissioners hosted a panel discussion on, "How to Make Sure Your Vote by Mail Ballots Count," in conjunction with the U.S. Postal Service (USPS) and the Department of Defense Federal Voting Assistance Program (FVAP). EAC, FVAP and USPS are working together to ensure vote by mail ballots are delivered and counted in the 2016 Presidential Election and in subsequent elections. Panelists discussed the challenges and solutions for handling election mail operations. The meeting was recorded and released as a webisode to help election officials identify policies, strategies and procedures for ensuring vote by mail ballots get processed in a timely manner for the 2016 election cycle. Themes and topics covered during the webisode included ballot delivery, ballot return, postmarking, and the changing USPS infrastructure, all of which are also critical aspects of ensuring that military and overseas voters can vote from abroad. A three minute webisode clip is available at <https://goo.gl/5mtWcL>.

In conjunction with NIST, EAC held an open session of the Technical Guidelines Development Committee (TGDC) on February 8-9, 2016. TGDC is a Help America Vote Act (HAVA) mandated committee charged with assisting EAC's Voluntary Voting System Guidelines (VVSG) development efforts. TGDC is composed of 14 other members appointed jointly by EAC and the Director of NIST, who is the chairperson of TGDC. During this session working and constituency groups provided updates on their activities associated with development of next iteration of the VVSG.

On March 29, 2016, the Commissioners hosted a public panel discussion on "Innovations and Best Practices for Recruiting, Training and Managing Election Workers." The event was streamed live and a four minute clip of the discussion is now available at <https://goo.gl/f7qgoz>. With over 800,000 poll workers for each of the last several elections, EAC believes this to be an important topic. And while vote by mail elections and online voter registration activities are changing the field of elections, a high number of election workers are still needed for each election cycle.

On April 14 and April 15, 2016, EAC convened the Standards Board. The Standards Board, like the TGDC, is mandated by the Help America Vote Act (HAVA). HAVA designates a 110-member Standards Board to assist EAC in carrying out its mandates under the law. The Board consists of 55 state election officials (the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands) selected by their respective chief state election official, and 55 local election officials selected through a process supervised by the chief state election official. EAC staff, EAC Commissioners, United States Postal Service, NIST and FVAP all presented at this meeting. Board members on the TGDC provided a status of the Committee's work to the Standards Board.

On April 27, 2016, the Commissioners held a Public Hearing on Accessible Voting to listen to voters with disabilities, highlight EAC resources that may be able to alleviate issues commonly encountered by voters with disabilities, and to help election officials prepare for the 2016 election. EAC Commissioners heard testimony about the current state of accessible voting and the progress made since passage of HAVA. Two panels, one with election administrators and one with advocates and voters with disabilities, convened. Voters with disabilities were encouraged to share their experiences with accessible voting with a focus on improving the voting experience for voters with disabilities. EAC combined what we heard at this hearing with our ongoing efforts to help voters with disabilities, which includes creation of a National Voting Rights Card in Braille. On June 14, 2016, EAC released this card to the public. A digital copy is available at <https://goo.gl/H76XjQ>.

EAC convened a meeting of the HAVA-mandated Board of Advisors on May 4, 2016. HAVA designates a 37-member Board of Advisors to assist EAC in carrying out its mandates under the law. Membership on the Board of Advisors includes groups, as specified by HAVA, representing governors; mayors; state legislatures; secretaries of state; state election directors; county recorders, election officials and clerks; voter advocacy groups; federal agencies; and professionals in the fields of science and technology. The Commissioners and Board members heard reports from EAC staff; directors of Federal Voting Assistance Program (FVAP), the Overseas Voting Initiative, and Council of State Governments (CSG); staff from the U.S. Department of Justice; and Board of Advisors committees on the status of their work.

On May 25, 2016, the Commissioners held a Public Meeting and released the EAC 2016 Election Worker Guidebook. In the meeting, Commissioners invited state and local election officials and research experts to discuss two topics: ways to recruit and train election workers and the allocation of resources at the polls on Election Day. Also in the meeting, EAC announced its national election worker best practices in recruiting, training and retaining competition. The submission deadline was September 1, 2016.

On June 2, 2016, the Commission convened the Summit on Language Access in Elections. The summit was co-sponsored by the Democracy Fund Voice, a nonpartisan not-for-profit organization dedicated to helping America build a stronger, healthier democracy. Citizens for whom English is a second language may need language assistance when voting, such as having ballots and voting materials translated into their native languages. Federal law requires over 250 jurisdictions nationwide, to provide language assistance based on Census results. Panelists at the summit included election officials, voting rights groups, academics, and translation experts. Topics included Federal legal requirements for language assistance, outreach to voters and community leaders, recruiting, training, and retaining bilingual election workers, challenges with serving voters whose first language is not English, and, tools and best practices for effective language assistance.

On August 10, 2016, the Commission released the 45 Before 45 video. The video features a discussion between myself and the Director of FVAP on the election official push to get ballots to military and overseas voters 45 days prior to Election Day as mandated by the Military and Overseas Voter Empowerment (MOVE) Act. We discussed ballot distribution and transmission tips for election officials and ballot return and submission tips for military and overseas voters. The goal was to help ensure they receive and can return their ballots in a timely manner, and I think we achieved it.

On August 17, 2016, EAC released the first in a new series of videos entitled, "Legends of Elections." This is an ongoing video series designed to capture the knowledge and wisdom of some of the most experienced election administrators in the country. Commissioner Masterson leads the interviews. Interviews with the former executive director of the Election Center, former election director of Wyoming, and former director at the Kansas City Board of Elections, have been videotaped. Additional interviews will be conducted and posted on EAC.gov and YouTube.

On September 8, 2016, Commissioners held a public meeting to hear testimony from election officials and other experts on:

- 1) Election contingency planning and system security;
- 2) Successful practices on election administration and management of the voter registration process; and,
- 3) Activities regarding National Voter Registration Day.

Commissioners discussed entries for the national competition for the top election worker best practices. The entries were judged by election officials including public meeting speakers, and Board of Advisors and Standards Board members.

Entries for the competition were submitted between May and September. Best practice entries for recruiting, training and retaining election workers were judged on: (1) innovativeness, (2) effectiveness, (3) sustainability, (4) cost effectiveness, and (5) potential for replication.

The contest was held as an acknowledgement that Election Day volunteers are crucial to the success of fair elections. During each federal election, millions of Americans volunteer to help make elections run smoothly. Over 500,000 more volunteers are needed to set up polling places, check voters in, issue ballots, show voters how to use voting equipment, monitor voting systems, and count ballots. EAC encouraged sharing best practices to acknowledge election officials' important responsibility for recruiting, training and retaining election worker volunteers.

On September 15-16, 2016, EAC's Technical Guidelines Development Committee met at NIST. Discussions included Working Group and Constituency Groups work since the February TGDC Meeting. The groups review cyber security, human factors, interoperability and testing; the scope of the Voluntary Voting System Guidelines (VVSG)

and the VVSG 2.0 Project Charter; post-Help America Vote Act (HAVA) Voting System Requirements; and voting system usability and accessibility, and security.

The Commission discussed concerns about voting system security with election officials across the county and with officials at the Department of Homeland Security. The meeting focused on ensuring that election officials have the information they need to secure the voting process. EAC in partnership with NIST, provides vigorous security standards for use in voting system testing. EAC tests and certifies voting systems to these standards. Further, EAC continually works with election officials at the state and local level to share best practices on: pre-election testing, security, continuity planning, and post-election audits.

One of the FY 2016 #BeReady16 resources addressed Election Security Preparedness. The session included securing voter registration databases and voting systems. Voters were encouraged to get involved with their election officials and ask questions. Voters were asked to verify that their voter registration is up to date, volunteer as poll workers, and make time to vote on Election Day. Commissioners were interviewed by members of national and international press on security issues.

Throughout the year, the Commissioners and Commission staff addressed over 30 professional election groups:

- Atlantic Council;
- Auburn University;
- Bipartisan Council;
- Bipartisan Policy Center;
- Brasilia Electoral Court;
- California Association of Clerks and Election Officials;
- Colorado County Clerks Association;
- Council of State Governments;
- Council on Governmental Ethics Laws;
- Election Center;
- Election Verification Network;
- Female Electoral Magistrates in Ibero-America;
- Florida State Association of Supervisors of Elections;
- Future of California Elections Conference;
- Illinois Association of County Clerks and Recorders;
- Midwest Election Officials Conference;
- Midwest Political Science Association;
- Missouri Association of County Clerks and Election Authorities;
- National Association for the Advancement of Colored People;
- National Association of Counties;



National Association of County Recorders, Election Officials and Clerks/International Association of Government Officials (merged to become International Association of Government Officials);  
National Association of Secretaries of State;  
National Association of State Election Directors;  
National Conference of State Legislatures;  
National Conference on State Testing and Certification of Voting and Election Systems;  
National Council on Disability;  
National Disability Rights Network Annual Conference;  
New Jersey Association of Election Officials;  
Oregon Association of County Clerks;  
Pew Election Day Meeting;  
Self Advocates Becoming Empowered and Our Community Standing Strong;  
South Carolina Association of Registration and Election Officials;  
Southern Legislative Conference;  
Texas Secretary of State;  
Utah Association of Counties;  
Virginia Board of Elections; and  
Washington State Elections.

As of this writing, two presentations with the International Conference on Voter Education for Inclusive, Informed and Ethical Participation in India are scheduled. Further, EAC Commissioners interacted in other ways with election officials across the country and from around the world throughout FY 2016. Commissioners met with:

Georgia Secretary of State;  
County of Los Angeles: Registrar-Recorder/County Clerk;  
Guam Election Commission on their Help America Vote Act plans and compliance with HAVA;  
Elections Supervisor of Hillsborough County, Florida;  
Kansas City Board of Election Commissioners;  
Inter-American Meeting of Electoral Management Bodies;  
International Association of Clerks, Recorders, Election Officials and Treasurers/  
International Centre for Parliamentary Studies;  
Marines stationed at Camp Pendleton about their experiences with voting during deployment;  
Officials of the Massachusetts Department of State to discuss early voting;  
Disability advocacy groups in St. Louis, Missouri;  
National Association of County Recorders Election Officials and Clerks;  
New Jersey Lieutenant Governor;  
San Diego County Registrar of Voters;  
South Carolina State Senate on voting system standards; and  
Thai delegates from Cultural Vistas.

Commissioners attended the National Conference on State Testing and Certification of Voting and Election Systems, and a voting system manufacturer meeting on VVSG 1.1. EAC participated in the Automatic Voter Registration discussion at the New York University School of Law. One of the commissioners taught a class on information technology for election officials in South Carolina entitled, "Introduction to Information Technology for Election Officials." The commissioner served on the National Association of Counties steering committee, and participated in a National Association of Secretaries of State Tech Talk: SOS IT Staff Roundtable.

Commissioners observed Arizona; Colorado; Orange County, California; and Chicago, Illinois primaries, and elections in Kentucky and Massachusetts.

During FY 2016, EAC's programs were also responsible for numerous accomplishments. The agency's organizational structure is aligned with the four program goals. The goals are based on the mandates of the Help America Vote Act. Goal 1, *Clearinghouse*, is administered by the Clearinghouse division. Goal 2, *Fund & Oversee*, is managed by the Payments and Grants Management division and the Office of the Inspector General. Goal 3, *Study, Guide and Assist*, is administered by the Research, Policy and Programs division. Goal 4, *Test and Certify*, is managed by the voting system Testing and Certification division. The EAC also continued to make improvements in Goal 5, *Operate*. Goal 5 captures progress in performance, internal controls, and efficiencies. More detail on FY 2016 accomplishments can be found in Section I.B. of the following document.

Over the years, the EAC's Inspector General has conducted operational audits and investigations of the agency. The vast majority of recommendations made in the internal audits have been implemented by the EAC. The financial and performance data in this report is reliable and complete, with no material internal control weaknesses. The Commission provides an unqualified statement of assurance that the agency's internal control and financial management systems meet the objectives of the Federal Managers' Financial Integrity Act.

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

Sincerely yours,



Thomas Hicks  
Chairman

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## SECTION I

### Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is presented in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 15. The MD&A is intended to provide a clear and concise description of the agency's mission and organizational structure; high-level discussion of key performance goals, results and measures; analysis of financial statements; systems, controls, and legal compliance; and actions taken or planned to address issues. It provides a balanced analytical assessment, with both positive and negative information, of key program and financial performance. The MD&A is a vehicle for communicating insights about the agency, its operations, programs, successes, challenges and future outlook. Contents of this report and the MD&A are in conformance with Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*.

#### I.A. BACKGROUND, VISION, MISSION AND ORGANIZATIONAL STRUCTURE

In October 2002, Congress passed the Help America Vote Act (HAVA) of 2002. The law recognized the need for states to invest in their election infrastructure. The Act set out comprehensive programs of funding, voluntary guidance, and research. To foster those programs and to promote and enhance voting for United States citizens, HAVA established the Election Assistance Commission (EAC). The vision is: *For the EAC to be a service agency and the go-to resource on election information, best practices, data, technology, technical advice and assistance for election administrators, officials, and voters across America.* The mission is: *For the EAC to assist in the effective administration of Federal elections.*

The EAC is an independent, bipartisan agency. By statute, four full-time Commissioners, appointed by the President and confirmed by the U.S. Senate, and three Federal advisory committees -- the Standards Board, Board of Advisors, and Technical Guidelines Development Committee -- guide the EAC. Currently, there are three Commissioners. The EAC is statutorily charged with:

- adopting voluntary voting system guidelines for possible use by the states,
- accrediting voting system testing laboratories and certifying voting systems,
- developing guidance for state and local election officials to meet HAVA requirements,
- serving as a national Clearinghouse of information on election administration, including tools and best practices,
- maintaining the national mail voter registration form, developed in accordance with the National Voter Registration Act (NVRA) of 1993,
- promoting accessibility for voters with disabilities,
- providing grantees with technical assistance on use of payments and grant funds, and
- auditing the use of HAVA funds.

The Standards Board and the Board of Advisors provide advice and guidance to the EAC on Voluntary Voting System Guidelines (VVSG) and other election administration issues. HAVA established the Technical Guidelines Development Committee (TGDC) to assist the 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 the EAC regarding voting system test laboratories. Since Fiscal Year (FY) 2004, the EAC's annual appropriations have included \$35.3 million for NIST support.

In Fiscal Years 2003 and 2004, Congress appropriated nearly \$3 billion in Federal financial assistance for payments to states under Titles I and II of HAVA. States received the funds to upgrade their voting systems, establish statewide voter registration databases, train election officials, and educate voters. In Fiscal Year 2003, the General Services Administration (GSA) distributed \$649.5 million in HAVA funds to the fifty states, Guam, Puerto Rico, the U.S. Virgin Islands, American Samoa and the District of Columbia on the EAC's behalf. The funds were distributed for activities to improve the administration of elections (HAVA Section 101) and to replace punch card and lever voting machines (Section 102).

The Senate confirmed four Commissioners in December 2003, and the EAC began operations in January 2004. The Agency's Fiscal Year 2004 operating budget was \$1.7 million. At the close of the fiscal year, the EAC had a staff of 18. The EAC's focus in 2004 was to assemble staff, obtain office space, arrange for administrative support from the GSA, establish a website, start election administration clearinghouse operations, and distribute Federal financial assistance to the states.

In FY 2004, the EAC also appointed a statutorily-required General Counsel. During Fiscal Year 2005, the EAC appointed its other statutorily-required positions: the Executive Director, and an interim Inspector General. The 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 2016, the EAC had 21 full-time and six part-time staff. Since its inception, EAC has received \$2,606,150,000 in requirements payments; and \$24,350,000 in discretionary grant funds for Poll Workers, Mock Elections, Election Data Collection, Voting Technology Improvement Research and Equipment, and Pre-Election Logic and Accuracy Testing and Post-Election Verification. The EAC also tracks and provides technical assistance on the \$67.7 million of Section 101 funds reported by the states as available. The time period for using the Section 102 funds expired, and the EAC collected all unused funds by the end of FY 2015.

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

**Funding**

**EAC Appropriation History Fiscal Years 2003 - 2016**

(Dollars in Thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
<b>EAC</b>															
EAC Salaries & Expenses															
Operations	2,000	1,674 <sup>1</sup>	11,110	10,986	11,313	12,330	12,909	13,409	13,024	8,750	8,292	8,100	8,100	8,100	130,097
Mock Election Grants						200	300	300							800
Poll Worker Grants				300		750	750	750							2,550
Transfer to NIST			2,778	2,772	4,950	3,250	4,000	3,500	3,243	2,750	2,745	1,900	1,900	1,500	35,288
Election Reform Grants															
Requirements Payments	830,000 <sup>2</sup>	1,491,150				115,000	100,000	70,000							2,606,150
Poll Worker Grants	1,500														1,500
Foundation	1,500														1,500
Voting Technology Research							5,000	3,000							8,000
Testing & Verification							1,000	2,000							3,000
Election Data Collection						10,000									10,000
<b>TOTAL EAC</b>	<b>835,000</b>	<b>1,492,824</b>	<b>13,888</b>	<b>14,058</b>	<b>16,263</b>	<b>141,530</b>	<b>123,959</b>	<b>92,959</b>	<b>16,267</b>	<b>11,500</b>	<b>11,037</b>	<b>10,000</b>	<b>10,000</b>	<b>9,600</b>	<b>2,789,285</b>
<b>GSA</b>															
Section 101 and 102	649,500														649,500
Administrative Expenses	500														500
<b>TOTAL GSA</b>	<b>650,000</b>														650,000
<b>TOTAL EAC &amp; GSA</b>	<b>1,485,000</b>	<b>1,492,824</b>	<b>13,888</b>	<b>14,058</b>	<b>16,263</b>	<b>141,530</b>	<b>123,959</b>	<b>92,959</b>	<b>16,267</b>	<b>11,500</b>	<b>11,037</b>	<b>10,000</b>	<b>10,000</b>	<b>9,600</b>	<b>3,439,285</b>

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

2/ Carried forward to FY 2005

**Status of Help America Vote Act Authorization versus Appropriations**  
(In whole dollars)

	Authorized		Appropriated FYs 2003-2016	Remaining
<b>GSA (FY 2003)</b>				
Election Administration Improvement (Section 101)	\$ 324,750,000		\$ 324,750,000	\$ -
Punch Card/Lever Machine Replacement (Section 102)	324,750,000		324,750,000	-
Administrative Expenses for 101 and 102	500,000		500,000	-
<b>EAC (FY 2003 – 2016)</b>				
Requirements Payments (Section 251)	3,000,000,000	**	2,606,150,000	393,850,000
Voting Technology Improvement Research Grants (Section 271)	20,000,000		8,000,000	12,000,000
Equipment and Technology Testing Pilot Program (Section 281)	10,000,000		-	10,000,000
Pre-Election Logic and Accuracy Testing & Post-Election Verification	3,000,000	<sup>1,4</sup>	3,000,000	-
Operations (Section 210)	159,135,000	<sup>2**</sup>	159,135,000	-
Election Data Collection Grants	10,000,000	<sup>3</sup>	10,000,000	-
National Student and Parent Mock Election Organization (Section 295)	200,000	**	-	200,000.00
Poll Worker Grants (Section 501)	5,000,000	**	1,500,000	3,500,000.00
Help America Vote Foundation (Section 601)	5,000,000	**	1,500,000	3,500,000.00
<b>Total</b>	<b>\$3,862,335,000</b>		<b>\$3,439,285,000</b>	<b>\$423,050,000</b>

1/ Authorized by P.L. 111-8

2/ \$30 million per HAVA, balance per appropriations. Includes \$2.55 million Poll Worker grants and \$800,000 Mock Election Grants

3/ Authorized by P.L. 110-161

4/ Authorized by appropriations

\*\*Plus such sums as may be necessary in succeeding years

Note: excludes \$140 million plus such sums authorized for HHS under Disability Access Section 261 and Participation Section 291, \$15 million appropriated to GSA in FY 2003 for Title I, and \$5 million plus such sums for the Help America Vote Foundation Section 601

**Organization by Program**

The EAC has organized its offices around the mandates of HAVA. Below are brief descriptions of the four offices responsible for implementing the Strategic Plan programmatic goals.

Following the descriptions is the EAC’s organization chart.

## Clearinghouse

The 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:

- the EAC Website and Clearinghouse,
- social media,
- media inquiries,
- external communications,
- Congressional relations,
- the Freedom of Information Act,
- editorial support including press releases, speeches, and Congressional testimony.

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

The EAC's website features a user-driven notification system, allowing visitors to customize how they receive information. Users sign up for daily or weekly automatic e-mail alerts on a variety of election topics and events, including public meetings, advisory board meetings, reports, policies, and other agency news.

## Payments and Grants Management

The Payments and Grants Management Division:

- provides technical assistance to the states on administering Federal funds,
- processes and disburses payments to the states and discretionary grant recipients,
- tracks the submission of and reviews the content of financial and performance reports submitted by states and discretionary grant recipients,
- analyzes audit reports and works with fund recipients on recommendations to resolve audit findings applicable to the EAC's programs,
- reviews amended State Plan submissions on the use of Requirements Payments funds, and
- drafts advisory opinions for Commission approval and issuance.

## Research, Policy and Programs

The Research, Policy and Programs Division:

- administers the biennial Election Administration and Voting Survey (EAVS) to 55 states, the District of Columbia, and territories. The survey produces data and reports



mandated by HAVA. Topics include the impact of the National Voter Registration Act of 1993, and on the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA) for military and overseas voters' participation in Federal elections. EAVS is the only comprehensive collection and report of data on elections in the United States,

- conducts research on election administration topics as mandated by Congress and at the discretion of the Commission. Research has included administering elections in urban and rural areas; the feasibility and advisability of establishing free absentee ballot return postage; the feasibility of alternative voting methods; and the voting experiences of first-time voters who register to vote by mail,
- manages the National Mail Voter Registration Form as prescribed by the National Voter Registration Act of 1993 (NVRA), also known as "Motor Voter,"
- administers the Election Management Guidelines Program to assist state and local election officials with conducting secure, efficient, accurate, and accessible elections. The educational materials provide information and "Quick Tips" on topics such as: Employing Poll Workers, Polling Place Management, Voting Accessibility, Communicating with the Public, Contingency Planning, Managing Change in an Election Office, Serving UOCAVA voters, and Developing an Audit Trail for the verification of votes,
- manages the Language Accessibility Program that provides informational materials on the Federal election process, glossaries of election terminology in English and 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 successful participation in Federal elections.

### Voting System Testing and Certification

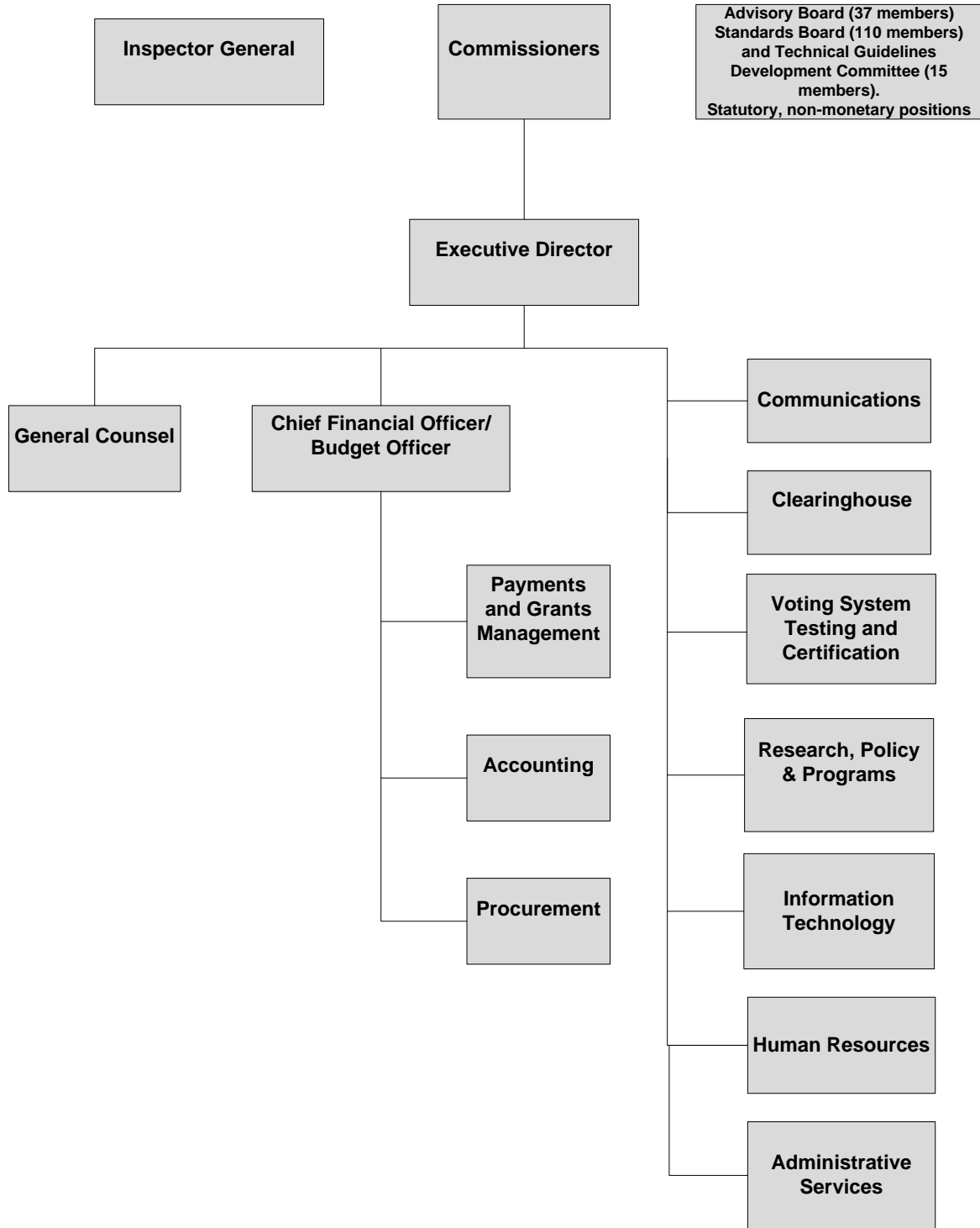
Under the Help America Vote Act, the EAC is responsible for assisting states with improvements to voting systems through the distribution of Federal funds. EAC accredits voting system test laboratories and certifies voting equipment. Participation by states in the certification program is voluntary. Throughout the certification process, test plans, test reports, and reports on voting system anomalies in the field are provided to election officials. Staff works with the National Institute of Standards and Technology (NIST) to evaluate and accredit voting system test laboratories, and on management of the voting system certification process.

The Testing and Certification (T&C) Division:

- assists states with voluntary certification of their systems,
- supports local elections officials in the areas of engineering change order updates, acceptance testing, and pre-election system verification for EAC-certified systems, issuance of Requests for Proposal, and information on how to maintain aging voting technology,

- promotes quality control in test laboratories and voting system manufacturing through the EAC Quality Monitoring Program, including periodic lab and manufacturing facility audits of EAC-registered entities,
- provides procedures to voting system manufacturers for the testing and certification of voting systems to specified Federal standards consistent with the requirements of HAVA Section 231(a)(1),
- upon invitation or with permission from election officials, the EAC conducts reviews of systems in use in the field,
- along with its advisory boards, the EAC and NIST work together to update and implement voluntary testing guidelines for voting systems.

ELECTION ASSISTANCE COMMISSION  
ORGANIZATION CHART



## I.B. PERFORMANCE GOALS, OBJECTIVES, AND RESULTS

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

### How the EAC Assesses Performance

The EAC has five strategic goals:

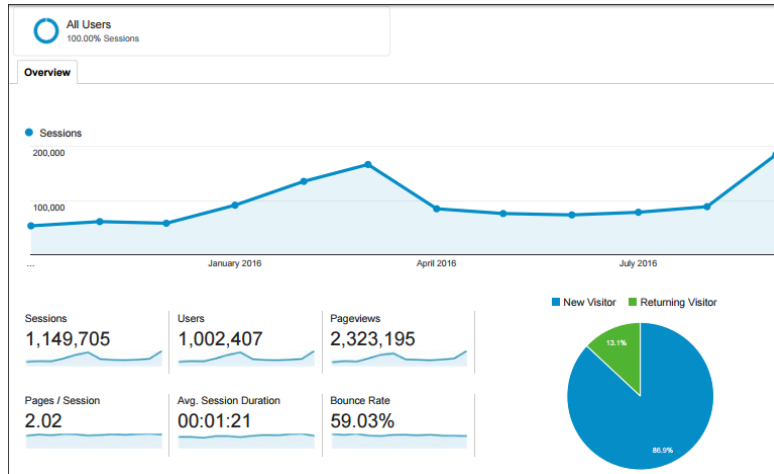
1. communicate timely and accurate information on the effective administration of elections for Federal office, and on the operations and services offered by the EAC,
2. deliver and manage Federal funds effectively,
3. identify and develop information on areas of pressing concern regarding the administration 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 accessibility, security, and functionality,
5. implement a high-performance organization.

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

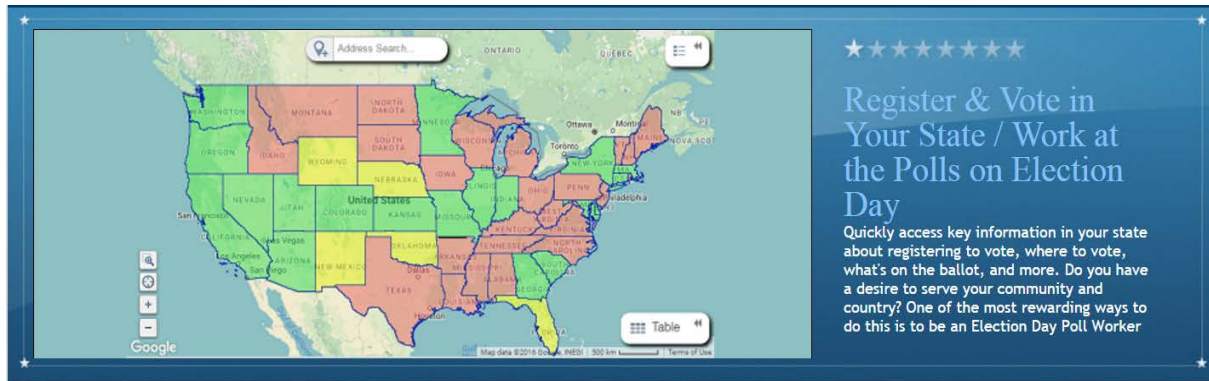
**Performance Goal 1: Communicate timely and accurate information on the effective administration of elections for Federal office, and on the operations and services offered by EAC.** The anticipated outcome of the goals is to provide Congress, Federal agencies, state and local election officials, and the public with reliable, accurate, and non-partisan information about the administration of Federal elections. The goal will be accomplished through three objectives: 1) operating the EAC clearinghouse effectively; 2) responding to outside requests about the EAC timely and accurately; and 3) conveying the results of the EAC's operations and accomplishments. Goal 1's aim of communication of timely and accurate information is the responsibility of the Clearinghouse Division.

**Goal 1 FY 2016 Accomplishments**

In FY 2016, 1,002,407 unique visitors accessed EAC.gov 1,149,705 times. This represents a 68 percent increase over the 597,621 unique visitors in FY 2015. Of the over one million website visitors in FY 2016, 86.9 percent, or 999,487 were new to the site in FY 2016. There were 150,218 returning visitors. Visitors to website viewed 2,323,195 pages:



The top landing pages were Voter Resources: “Register to Vote,” “I’ve Moved Recently. Can I Still Vote?,” “Contact Your State – Register & Vote in Your State” and “Work at the Polls on Election Day.”



On social media, the number of daily unique users that interacted with content on EAC’s Facebook page in FY 2016 was 48,251, with 316 “Likes.” In FY 2016, 540 individuals were following EAC on Twitter, up from 500 following in FY 2015. The number of Twitter followers was 3,391, up from 2,469 in FY 2015. There were 10,299 tweets in FY 2016, up from 7,726 tweets in FY 2015.

The FY 2016 Clearinghouse Division efforts resulted in:

### **Stakeholder Updates**

The division publicized three public meetings, a public hearing, board meetings, panel discussions, a forum, and a summit; the EAC's educational materials; kick-off of the biennial Election Administration and Voting Survey for FY 2017 reporting; and program activity updates. Dissemination of information occurred via seventeen press releases; 27 announcements; eight *Federal Register* Sunshine Act and Federal Advisory Committee Act (FACA) Notices; 77 blog posts; frequent updates on Facebook, Twitter account @EACgov, and hashtag #BeReady16; and 27 E-Alert automatic program updates from topics posted on the EAC website. The information went to election officials; Congressional staff; academics; national, state and local the media outlets; and other stakeholders.

Further, EAC posted 39 videos of panel meetings on YouTube in FY 2016 as part of EAC's #BeReady 16 campaign:

- Campaign Kick off & Announcements;
- Election Security Preparedness;
- E-Pollbook Requirements;
- Tech Time Resource Tools to Prepare for the 2016 Election series: Data Visualization modules on Building a Data Culture in Your Office, Visualizing Data Effectively; A Different View of the Impact of Data on Elections; online tools for managing polling places-- by far the most popular videos on YouTube with 734 views;
- Recruiting, Training and Retaining Election Workers—the second most popular videos on YouTube with 576 views;
- Leadership for Election Officials;
- Accessibility: The “Why” of Language Accessibility; Public Hearing on Accessible Voting; Polling Place Accessibility; Acting Locally and Thinking Globally: Keys to Successful Language Assistance in Elections;
- 45 Before 45, to serve election officials and military and overseas U.S. citizen voters, in conjunction with the Federal Voting Assistance Program;
- How to Make Sure Your Vote by Mail Ballots Count;
- Managing Election Technology;
- Election Official & Voter Toolkit;
- Contingency Planning for “No Time Out,” and Preparing for the Election in Battleground Jurisdictions;
- Voting Technology Procurement;
- The Voting System Testing and Certification Program;

The public meetings, hearing, roundtable, panel discussions, forum, and summit were webcast live and featured a live Twitterfall. The corresponding meeting agendas, webcasts, reports, and transcripts, as applicable, are posted to EAC.gov.

Program updates included voting system certification; HAVA grants and payments funding charts and statistics, a grant expenditure report; and other EAC activities and election information.

Blog posts provided periodic election updates and highlight program activities including:

- Pre- Election & Election Day Contact Information;
- Ask the EAC: Primaries & Caucuses;
- Certification Provides Critical Resources for Election Officials;
- EAC Wants YOU to Help Develop New Voting System Guidelines!;
- EAC Continues to Collect and Share Essential Election Administration Data;
- Update on the Election Administration and Voting Survey;
- EAC and Election Officials Working Together to Increase Confidence;
- The Election Official as an IT Manager;
- Improve the Experience for Voters with Disabilities;
- Legends of Elections – Advice from Retired Election Administrators;
- The Power of Language Access;
- The Reality of Election Security;
- Voting System Testing Updates;
- Weekly Election Updates; and
- Other ongoing blog posts covering election related topics to answer frequently asked questions and provide critical or time sensitive information to stakeholders and the media.

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

- Managed the successful completion of the Congressionally-mandated Annual Comprehensive Review Report to Congress for Fiscal Year 2016, and
- Published Sunshine Act Notices in the *Federal Register* for the Federal Advisory Committee Meetings.

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

Clearinghouse staff completed 15 FOIA requests for during FY 2016.

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

### **Goal 2 FY 2016 Accomplishments**

In FY 2016, the Payments and Grants Management Division disbursed \$1,597,276 of Section 251 Requirements Payments to three States that requested funds and that certified compliance with the provisions of HAVA. By law, Section 251 funds were calculated according to a formula based on the voting age population of each State according to the last Census and the total voting age population of all States, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands.

Requirements Payments are used to meet the requirements of Title III *Uniform and Nondiscriminatory Election Technology and Administration Requirements* of HAVA. Title III requirements include voting system standards, voting information requirements, provisional voting, statewide voter registration lists, and identification requirements for voters who register by mail. States may also use Requirements Payments to improve the administration of Federal elections once they certify that the State has implemented the requirements of Title III or they certify they will use only up to a "minimum payment" amount for the administration of federal elections as defined by HAVA.

The division provided technical assistance to and monitored grant and payment recipients who are responsible for establishing and maintaining internal controls over the funds, including pre-audit technical assistance visits to two states, site visits to two states and remote technical assistance to another 20 states. The controls are intended to provide reasonable assurance of compliance with Federal laws, regulations, the provisions of HAVA, and payments and grant agreements. The division also provided indirect cost rate negotiations for three states, and resolves any issues identified in state OMB Circular A-133 single audit reports.

Staff reviewed annual Federal Financial Reports (FFRs) and accompanying narrative reports submitted by the States related to the HAVA Sections 101 *Payments to States for activities to improve administration of elections*, and 251 *Requirements payments* funds on their books.



Information from the FFRs as of September 30, 2015 was used to compile an annual grant expenditure report during FY 2016. The report is available on EAC.gov.

**Performance Goal 3: Identify and develop information on areas of pressing concern regarding the administration of elections for Federal office; issue recommended improvements, guidance, translations, and best practices as required by HAVA; and carry out responsibilities under the National Voter Registration Act.** The anticipated outcomes for this goal are: 1) that the elections community and other key stakeholders may improve the administration of elections for Federal office based on having pertinent, impartial, high-quality information, recommendations, guides, and other tools on election and voting issues, and 2) that the national mail voter registration form is available to citizens to register to vote, register with a political party, or report a change of name, address, or other information. Goal 3 consists of four strategic objectives: 1) collect and release data on certain election administration practices, on various voting methods and on various voting practices that are useful and required by HAVA; 2) administer programs and release information which provides timely and useful guidance for election officials and voters; and 3) administer the National Mail Voter Registration form. Goal 3 is administered by the Research, Policy and Programs division.

### **Goal 3 FY 2016 Accomplishments**

The FY 2016 RPP Division efforts resulted in:

#### Research:

- Collaboration with the Council of State Governments (CSG) and the Department of Defense Federal Voting Assistance Program (FVAP) on changes to the biennial Election Administration and Voting Survey (EAVS) questions and process for collecting the data. The aim of the changes is to work towards continuous improvement in the quality of the data.
- Release of two videos from experts in the field about visualization of election data, and use of the visualizations by election officials in policy and budget discussions.
- Interpretations of 2014 EAVS data to the public and the media as requested.

#### Policy:

- An update of the Compendium of State Poll Worker Requirements, a framework for understanding the legal requirements for serving as a poll worker in the United States.
- Responses to ongoing inquiries from states regarding the interpretation of various National Voter Registration Act (NVRA) requirements, such as translations of the National Mail Voter Registration form into foreign languages pursuant to the Voting Rights Act.
- Translations of the national mail voter registration form in Bengali, Hindi and Khmer.
- Changes to state-specific NVRA national mail voter registration forms for three states.

Programs:

- A Summit on Language Access in Elections, co-sponsored by the Democracy Fund *Action* organization.
- Logistical support for the EAC webisode with the U.S. Postal Service and FVAP on the absentee ballot mailing process.
- Release of two Quick Start guides for voters with disabilities: “6 Tips for Making Voting Accessible,” and “10 Tips for Voters with Disabilities.”
- Release of “Election Worker Successful Practices: Recruitment, Training, and Retention 2016.” A focus group of election officials from jurisdictions with largest numbers of poll workers provided feedback on the draft guidebook. Staff provided logistics for a webisode on this topic.
- Updated language glossaries of election terms, “Election Phrases at a Glance.” The phrases were translated in Spanish, Bengali, Chinese, Hindi, Japanese, Khmer, Korean, Tagalog, and Vietnamese.
- Distribution of EAC’s voter education publication by the Department of Homeland Security U.S. Citizenship and Immigration Services (USCIS). USCIS reproduces and distributes the publications in their new citizen packets.

**Performance Goal 4: Build public confidence in elections by testing and certifying voting systems to improve system accessibility, security, and functionality.** The anticipated outcome of the goal is voting equipment that operates more reliably and securely, and is more accessible to individuals with disabilities. States voluntarily participate in the EAC testing and certification program to help ensure that their voting systems meet the Voluntary Voting System Guidelines (VVSG) standards, and voting system manufacturer specifications. The goal consists of three strategic objectives: 1) develop and update the voluntary voting system guidelines (VVSG); 2) provide for the accreditation of independent laboratories qualified to test voting systems to Federal standards, and for the revocation of accreditation as appropriate; and 3) administer the testing, certification, decertification, and recertification of voting system hardware and software by accredited laboratories. Goal 4 is administered by the Voting System Testing and Certification division.

**Goal 4 FY 2016 Accomplishments**

In FY 2016, voting system Testing and Certification Division staff:

- Developed a checklist guidance document entitled, “Securing Voter Registration Data.”
- Worked with and participated in meetings of the Homeland Security-led Cyber Security Working Group to address issues related to security of voting systems, voter registration systems and election night reporting systems.
- Continued to assist state and local election officials by collecting, and posting on EAC’s website, closed state and local Request for Procurement documents for both voting systems and electronic poll books for replacement of equipment.

- Certified five voting systems.
- Managed testing campaigns for seven additional systems (testing was not completed as of the date of this report or the systems were withdrawn by the manufacturer).
- Drafted and published three Requests for Interpretation (RFIs) to the Voluntary Voting System Guidelines (VVSG), and drafted one additional RFI.
- Drafted and published three Notices of Clarification (NOCs) for the Testing and Certification Program Manual and Laboratory Accreditation Program Manual.
- Continued development of State voting system requirements-mapping to EAC's Voluntary Voting System Guidelines.
- Implemented updates to EAC's Virtual Review Tool, used for voting system test plan and test report handling, document uploads, and change orders.
- Worked with the National Institute of Standards and Technology's National Voluntary Laboratory Accreditation Program to finalize the revision to NIST 150-22, *NVLAP Voting System Testing*.
- Published the third in our series of *Managing Election Technology* guidance documents, entitled, "*Considerations for Implementing Voting Systems with Commercial Off-the-Shelf Products*."
- Assisted in organizing and participated in the annual State Certification of Voting Systems meeting.
- Participated in two meetings of the statutory Technical Guidelines Development Committee (TGDC) and its Public Working Groups, focused on the *Voluntary Voting System Guidelines* (VVSG 2.0) development effort.
- Held two meetings with registered EAC accredited Voting System Test Laboratories and registered Voting System Manufacturers.
- Continued EAC social media production and outreach, including Blog postings and the agency's Twitter account.

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

Efforts of the agency resulted in achievement of the measure to obtain an unmodified audit opinion on agency financial statements in FY 2016. On the performance measure to implement audit recommendations in a timely manner, to date, only two percent of 82 operational audit recommendations remain open. On the metric regarding meeting annual performance measures, management works to foster a culture of accountability among staff and continuous improvement of internal controls. Agency directors responsible for implementation of EAC's goals report on their division metrics throughout the year: 1) the Agency Financial Report each November, 2) the Annual Performance Report, along with the Congressional Budget Justification, usually in February each year, and 3) actual planned metrics in the OMB Budget Justification in September.

EAC continues to focus on setting up sound systems and policies and procedures, working with managers on the relationship between budget and performance, maximizing efficient use of staff and financial resources, and training the EAC’s staff on financial management processes and their specific, individual responsibilities. Budget holders complete assessable unit risk assessment questionnaires and individual letters of assurance to assess risk and provide a review of the effectiveness of internal controls in their areas of responsibility for the fiscal year. The risk assessments and letters are reviewed by the Executive Director and the Chief Financial Officer, and rolled into the agency’s Annual Statement of Assurance that is presented in this report.

The following table presents key EAC FY 2016 program performance results data. As much detailed performance information as possible will be presented, and variances discussed, in the FY 2016 Annual Performance Report. The performance report will accompany the FY 2018 Congressional Justification.

**FY 2016 Performance Summary**

	Performance Indicator	Type of Indicator	Planned	Actual
<b>Strategic Goal 1: Clearinghouse</b>				
	Regularly issue information on EAC activities	Output	30 blog posts, 5 press releases, 30 e-alerts to subscribers	77 blog posts, 17 press releases, 27 e-alerts, 10,299 tweets, 39 YouTube videos
	Produce the annual report of EAC activities to Congress by January 31 of each year for the preceding year ending September 30	Output	Disseminate report 1/31/16	Disseminated report on 1/31/16
<b>Strategic Goal 2: Fund and Oversee</b>				
	Resolve 100 percent of audit findings within established time frames	Output	100%	67% -- 2 of 3 audits
	Review financial and performance reports from grantees and notify recipients of reporting anomalies or failures to file within 30 days	Output	100%	100%
<b>Strategic Goal 3: Study, Guide, Assist</b>				
	Produce and distribute Quick Tip Guides (concise tips on a wide range of election topics with links to best practices in the administration of Federal Elections) and Guidebooks.	Output	Issue and distribute Quick Tip Guides and Guidebooks	Released “6 Tips for Making Voting Accessible,” “10 Tips for Voters with Disabilities;” “Election Worker Successful Practices: Recruitment, Training, and Retention 2016.”

	Provide translations of election materials	Output	Translate the National Mail Voter Registration (NMVR) form as requested, provide election glossaries	Translated the NMVR form into Bengali, Hindi and Khmer; issued "Election Phrases at a Glance" in 9 languages
<b>Strategic Goal 4: Test and Certify</b>				
	Test and certify voting systems	Output	Certify and test systems	Certified 5 voting systems; managed test campaigns for 7 systems
	Produce voting system guidance for use in the field	Output	Produce <i>Managing Election Technology</i> guidance, Notices of Clarification (NOCs) for EAC manuals, work on VVSG revisions, and respond to 100% of Requests for Interpretation (RFIs) of voting system standards within 45 days	Released " <i>Considerations for Implementing Voting Systems with Commercial Off-the-Shelf Products;</i> " published 3 NOCs for the Testing and Certification Program Manual and Laboratory Accreditation Program Manual; began VVSG 2.0 work; 100% response to 3 RFIs within 45 days, drafted one additional RFI

In FY 2016, the EAC provided financial management tools and support to staff. Agency staff is able to utilize five automated systems (procurement, travel, purchase card, invoice, and time and attendance) via interagency agreements with the General Services Administration and the U.S. Department of Treasury Bureau of the Fiscal Service. EAC staff Contracting Officer's Representatives (CORs) were provided annual accrual training, and have access to free online COR and invoice approval training via the procurement service provider agency. On-site training on the travel system was provided in FY 2016.

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

## Program Performance Indicators

### Portfolio Analysis

Since 2004, EAC has received funds in three appropriations: Salaries and Expenses, Election Reform Programs, and for FY 2008 only, Election Data Collection Grants. In FY 2016, EAC received appropriations in the Salaries and Expenses appropriation of \$9.6 million. The appropriation was used for a \$1.5 million transfer to NIST, payroll, travel, rent, telecommunications, printing, contracts, supplies, subscriptions, and equipment.

## I.C. FINANCIAL RESULTS

The following analysis is intended to provide information on the EAC's financial results, position, and condition as portrayed in the financial statements and the notes to the statements. Changes in assets, liabilities, costs, revenues, obligations, and outlays are explained; comparisons are made between amounts in FY 2016 to FY 2015; and the relevance of balances and amounts in the financial statements and notes are discussed. The changes provide context as to how the year's activities impacted the agency's financial position.

### **Budgetary Resources**

Budgetary resources are the amounts made available and their status at the end of the fiscal year. The majority of the EAC's available budgetary resources are in the one year Salaries and Expenses appropriation. Budgetary resources include new Budget Authority from annual Salaries and Expenses appropriations, unpaid obligations, recoveries, offsetting collections, carryover no year grant funds, and unobligated balances.

For FY 2016, the available budgetary resources were \$19.6 million, up from \$21.0 million in FY 2015. In FY 2016, as mentioned previously, EAC's appropriations totaled \$9.6 million for Salaries and Expenses, including a \$1.5 million non-expenditure transfer to NIST.

Obligations Incurred increased from \$6.3 million in FY 2015 to \$9.8 million in FY 2016. The increase was due primarily to the disbursement of Requirements Payments. The Unobligated Balance – Apportioned decreased from \$5.1 million in FY 2015 to \$1.9 million in FY 2016.

### **Financial Position**

#### *Assets*

EAC had \$22.8 million in total assets (Fund Balance with Treasury; Accounts Receivable; Property, Equipment, and Software; and Other Assets) as of September 30, 2015, compared

to \$16.8 million in FY 2016. The decrease is largely the result of disbursement of collection of an improper Requirements Payment of \$2.26 million.

### *Liabilities*

EAC had total liabilities (Accounts Payable, accrued salaries and benefits, and unfunded leave) of \$765,867 million as of September 30, 2015. Liabilities increased to \$983,134 as of September 30, 2016.

### *Net Position*

Net position (Unexpended Appropriations and Cumulative Results of Operations) decreased in FY 2015 from \$22.0 million, to \$15.8 million in FY 2016. Unexpended Appropriations decreased primarily due to disbursement of Requirements Payments.

### **Results of Operations**

The EAC, as presented in the Statement of Net Costs, reports the results of operations within four programs: Clearinghouse; Fund and Oversee (Grants Management and the Office of the Inspector General; Study, Guide and Assist (Research, Policy, and Programs); and Testing and Certification. Costs specifically identified with each of the programs, such as direct personnel costs and specific program contract expenses, are allocated to the programs directly. The Fund and Oversee program reports the expenditures for the Requirements Payments and the EAC's grants. Other general agency overhead costs, such as rent, information technology, and financial management, are allocated on a per employee basis. The methodology is outlined in EAC's Cost Allocation Model and is reviewed by the financial statement auditors each year to ensure the accurate allocation of expenses to each program.

The Total Net Cost of Operations (expenses in the Salaries and Expenses, and Election Reform Programs appropriations) for the EAC was \$7.7 million for Fiscal Year 2015, increasing to \$10.8 million in FY 2016.

### **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). The statements have been prepared from the books and records of the EAC in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget. The statements are in addition to the financial reports that are used to monitor and control budgetary resources, which are prepared from the same books and records.

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

## **I.D. ANALYSIS OF CONTROLS, MANAGEMENT SYSTEMS, AND LEGAL COMPLIANCE**

### **Internal Control Environment**

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

The EAC has developed and implemented management, administrative and financial system controls with the aim of ensuring that: 1) programs and operations achieve intended results efficiently and effectively, 2) resources are used in accordance with the mission of the agency, 3) programs and resources are protected from waste, fraud and abuse, 4) program and 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 unqualified 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. The EAC ensures that assets are properly acquired and used, and safeguarded to deter theft, accidental loss or unauthorized disposition, and fraud.

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

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

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



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

The Office of the Chief Information Officer (OCIO) explores innovations to update and improve network services for security, availability, efficiency, and productivity. For example, EAC is working with the General Services Administration (GSA) to leverage GSA's private cloud computing strategy to host the EAC continuity of operations plan (COOP) site. We are investigating using GSA cloud email service.

Currently, EAC operates its own infrastructure, using GSA's network backbone for its infrastructure for security purposes. The EAC IT staff of two maintains personal computers, smart phones, and servers; provides software requested by the EAC staff, remote access services, Voice Over Internet Protocol and Interactive Voice Response telecommunications tools; and performs vulnerability scans (in addition to GSA's backbone infrastructure scans). IT staff remediates and updates security patches so that staff is equipped to perform work both on- and off-site in a secure environment. EAC has implemented an intranet where policies and procedures can be posted in place of use of a shared drive to improve usability and communications.

GSA manages a firewall, external intrusion detection, T1 lines, and routers and switches for Federal Information Security Management Act (FISMA) compliance on EAC's behalf. EAC's cyber security management needs are covered by GSA through an annual Memorandum of Understanding for IT services and equipment at \$29,764 for FY 2016. The agreement funds the tools that enable GSA to continuously monitor EAC's IT systems security as described in OMB M-10-15, *FY 2010 Reporting Instructions for the FISMA and Agency Privacy Management*, dated April 21, 2010.

### **Audit Follow-Up**

The 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 the EAC management and the OIG to complete actions necessary to respond to audit findings. As of September 30, 2016, the EAC has two open operational recommendations to consider. The EAC made improvements in all Agency management challenges. The EAC also considers and responds to recommendations from audits and reviews conducted by the Government Accountability Office.

### **Federal Financial Management Improvement Act**

Per OMB Bulletin No. 14-02, "Audit Requirements for Federal Financial Statements," the 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 2016 financial statement audit report identified no material weaknesses in internal control over financial reporting.

**Federal Information Security Management Act**

The EAC was in compliance with the Federal Information Security Management Act at the end of FY 2016.

**Inspector General Act Amendments of 1988**

The EAC Office of the Inspector General audits HAVA funds administered by recipients of HAVA payments and grants, and transmits to the EAC OMB Circular A-133 single audit reports that present findings on HAVA funds. The principal recipients of HAVA payments and grant funds are state governments.

**Annual Assurance Statement on Internal Control**

November 15, 2016

The management of the Election Assistance Commission (EAC) is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*. Internal control is an integral component of EAC's management, providing reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

EAC's assessment of internal controls for ensuring the effectiveness and efficiency of operations focused on assessing controls for ensuring the reliability of information associated with the performance measures presented in its strategic plan, and on self-assessments. With respect to assessing internal control designed to ensure the reliability of financial reporting, EAC is not required by OMB Circular A-123 to perform a separate assessment. EAC relied upon the evaluation of internal controls over financial reporting conducted by its independent auditors, on reports issued by the Inspector General, and on agency risk assessments and letters of assurance over the program offices, financial management functions (accounting, budget, payments and grants, and procurement), and administrative offices. Regarding internal controls to ensure compliance with laws and regulations, EAC relied upon the evaluation conducted by its independent auditors and the Inspector General.

In FY 2016, the auditors found no material weaknesses or significant deficiencies in internal controls over financial management reporting. Further, the auditors found no instances of noncompliance with laws and regulations.

The Commission provides an unmodified statement of assurance that the internal control and financial management systems meet the objectives of the Federal Managers' Financial Integrity Act.



Thomas Hicks  
Chairman

SECTION II  
Financial Section

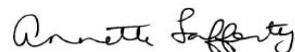
**II.A. MESSAGE FROM THE CHIEF FINANCIAL OFFICER**

The EAC's financial statements for FY 2016 are an integral component of the Agency Financial Report (AFR). This is the ninth year in its thirteen year operational existence that EAC has prepared financial statements and submitted them for audit. This is the eighth year the EAC is presenting an AFR in place of the Performance and Accountability Report. The EAC presents summarized performance data in this report, and plans on providing detailed data in conjunction with the Fiscal Year (FY) 2018 Congressional Justification and FY 2016 Annual Performance Report.

For FY 2016, EAC received an unmodified ("clean") audited financial statement opinion, with no material weaknesses and no financial audit findings and recommendations. As part of continuous internal control improvement, EAC requested a third party review of risks and internal controls. Further, staff was provided training related to accruals, procurement system requisitions, travel system authorizations and vouchers, and contract administration.

All material weakness remediation work related to an FY 2013 improper payment was completed by September 30, 2015. Congress enacted legislation in FY 2016 allowing disbursement of funds collected as a result of the improper payment from other funding sources. The monies were disbursed in May 2016.

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



Annette Lafferty  
November 15, 2016

## II.B. INSPECTOR GENERAL'S ASSESSMENT



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

November 10, 2016

### Memorandum

To: Thomas Hicks

A handwritten signature in cursive script, reading "Patricia D. Jayfield".

From: Patricia Layfield  
Inspector General, U.S. Election Assistance Commission

Subject: Audit of the U.S. Election Assistance Commission's Financial Statements for  
Fiscal Year 2016 (Assignment No. I-PA-EAC-01-16)

### Introduction

The Chief Financial Officer's (CFO) Act of 1990 (P.L. 101-576) as amended, requires the Inspector General for the U. S. Election Assistance Commission (EAC) or an independent external auditor, as determined by the Inspector General, to audit EAC's financial statements. The independent public accounting firm of Brown & Company CPAs, PLLC (Brown & Company) performed the audit of the EAC's financial statements under contract with the Office of Inspector General (OIG). The contract required the audit to be performed in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Bulletin 15-02, *Audit Requirements for Federal Financial Statements*; and the Financial Audit Manual issued jointly by the Council of the Inspectors General on Integrity and Efficiency and the Government Accountability Office.

### Results of Audit

In Brown & Company's opinion, the financial statements present fairly, in all material respects, the financial position of EAC as of September 30, 2016 and 2015, 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.

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

### **Evaluation of Brown & Company's Audit Performance**

To fulfill our responsibilities under the CFO Act of 1990, as amended, and other related financial management requirements, the OIG:

- Reviewed Brown & Company's approach and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings with EAC management to discuss progress, findings, and recommendations;
- Reviewed Brown & Company's draft audit report;
- Performed other procedures we deemed necessary; and
- Coordinated issuance of the audit report.

Brown & Company is responsible for the attached auditor's report and the conclusions expressed in the report. We do not express any opinion on EAC's financial statements or conclusions on the effectiveness of internal control, or compliance with laws and regulations.

### **Report Distribution**

The Inspector General Act of 1978, as amended, requires semiannual reporting to Congress on all reports issued, actions taken to implement recommendations, and recommendations that have not been implemented. Therefore, we will report the issuance of this audit report in our next semiannual report to Congress. The distribution of this report is not restricted and copies are available for public inspection.

The OIG appreciates the courtesies and cooperation EAC extended to Brown & Company and the OIG during the audit. If you, or your staff, has any questions, please contact me at (301) 734-3104.

Attachment

## II.C. INDEPENDENT AUDITOR'S REPORT



**BROWN & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

### INDEPENDENT AUDITOR'S REPORT

U.S. Election Assistance Commission  
Silver Spring, MD

#### Report on the Financial Statements

We have audited the accompanying balance sheet of the U.S. Election Assistance Commission (EAC) as of September 30, 2016 and 2015, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the year then ended (collectively referred to as the financial statements), and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted government auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes test of compliance with provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosure in the financial statements. The purpose was not to provide an opinion on compliance with provisions of applicable laws, regulations, contracts and grant agreements and, therefore, we do not express such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion on the Financial Statements*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EAC as of September 30, 2016 and 2015, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended, in accordance with U.S. generally accepted accounting principles.

*Other Matters**Required Supplementary Information*

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

*Other Information*

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

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. During the audit of the financial statements, no deficiencies in internal control were identified that were considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

The results of our tests disclosed no instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* or OMB Bulletin No. 15-02.

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

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

### **Auditor's Responsibilities**

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit, (2) testing compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements and applicable laws for which OMB Bulletin 15-02 requires testing, and (3) applying certain limited procedures with respect to the MD&A and other RSI.

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

We did not test compliance with all laws and regulations applicable to EAC. We limited our tests of compliance to certain provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB Bulletin 15-02 that we deemed applicable to EAC's financial statements for the fiscal year ended September 30, 2016. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

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

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

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



Largo, Maryland

November 10, 2016

## II.D. FINANCIAL STATEMENTS

**ELECTION ASSISTANCE COMMISSION  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2016 AND 2015  
(In Dollars)**

	2016	2015
<b>Assets:</b>		
Intragovernmental		
Fund Balance With Treasury (Note 2)	\$15,415,600	\$ 21,932,149
Investments	-	-
Accounts Receivable	-	-
Loans Receivable	-	-
Other (Note 4)	999,687	363,506
<b>Total Intragovernmental</b>	<b>16,415,287</b>	<b>22,295,655</b>
Cash, and Other Monetary Assets	-	-
Investments	-	-
Accounts Receivable, Net (Note 3)	20	(30)
Taxes Receivable, Net	-	-
Loans Receivable and Related Foreclosed Property, Net	-	-
Inventory and Related Property, Net	-	-
Property, Equipment, and Software, Net (Note 5)	335,063	500,906
Other	-	-
<b>Total Assets</b>	<b>\$16,750,370</b>	<b>\$ 22,796,531</b>
<b>Stewardship PP&amp;E</b>		
<b>Liabilities:</b>		
Intragovernmental		
Accounts Payable	\$ 63,859	\$ 89,124
Debt	-	-
Other	28,979	22,091
<b>Total Intragovernmental</b>	<b>92,838</b>	<b>111,215</b>
Accounts Payable	332,772	104,271
Loan Guarantee Liability	-	-
Debt Held By The Public	-	-
Federal Employee and Veterans' Benefits	-	-
Environmental Cleanup and Disposal Liabilities	-	-
Benefits Due and Payable	-	-
Other (Note 7)	557,524	550,381
<b>Total Liabilities (Note 6)</b>	<b>\$ 983,134</b>	<b>\$ 765,867</b>
<b>Commitments and Contingencies</b>		
<b>Net Position:</b>		
Unexpended Appropriations - Funds from Dedicated Collections (Note 15)	\$ -	\$ -
Unexpended Appropriations - Other Funds	\$15,654,783	\$ 21,761,683
Cumulative Results of Operations - Funds from Dedicated Collections	-	-
Cumulative Results of Operations - Other Funds	112,453	268,981
<b>Total Net Position</b>	<b>\$15,767,236</b>	<b>\$ 22,030,664</b>
<b>Total Liabilities and Net Position</b>	<b>\$16,750,370</b>	<b>\$ 22,796,531</b>

**ELECTION ASSISTANCE COMMISSION**  
**STATEMENT OF NET COST**  
**FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015**  
**(In Dollars)**

	2016	2015
<b>Program Costs:</b>		
Clearinghouse		
Gross Costs	\$ 900,228	\$ 753,624
Fund and Oversee		
Gross Costs	\$ 6,343,333	\$ 3,354,323
Research, Policy, and Programs		
Gross Costs	\$ 1,268,535	\$ 1,209,795
Testing and Certifications		
Gross Costs	\$ 2,327,712	\$ 2,348,901
<b>Net Cost of Operations</b>	<b>\$ 10,839,808</b>	<b>\$ 7,666,643</b>

**ELECTION ASSISTANCE COMMISSION**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015**  
**(In Dollars)**

	2016	2015
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ 268,981	\$ 675,009
Adjustments		
Changes In Accounting Principles	-	-
Corrections of Errors	-	-
Beginning Balances, as Adjusted	268,981	675,009
<b>Budgetary Financing Sources:</b>		
Other Adjustments	-	-
Appropriations Used	10,505,624	7,021,479
Nonexchange Revenue	-	-
Donations and Forfeitures of Cash and Cash Equivalents	-	-
Transfers In/Out Without Reimbursement	-	-
Other	-	-
<b>Other Financing Sources (Non-Exchange):</b>		
Donations and Forfeitures of Property	-	-
Transfers In/Out Reimbursement	-	-
Imputed Financing Sources	177,656	239,136
Total Financing Sources	10,683,280	7,260,615
Net Cost of Operations	(10,839,808)	(7,666,643)
Net Change	(156,528)	(406,028)
Cumulative Results of Operations	\$ 112,453	\$ 268,981
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 21,761,683	\$ 21,657,604
Adjustments		
Changes In Accounting Principles	-	-
Corrections of Errors	-	-
Beginning Balances, as Adjusted	21,761,683	21,657,604
<b>Budgetary Financing Sources:</b>		
Appropriations Received	9,600,000	10,000,000
Appropriations Transferred In/Out	(1,500,000)	(1,900,000)
Other Adjustments	(3,701,276)	(974,442)
Appropriations Used	(10,505,624)	(7,021,479)
Total Budgetary Financing Sources	(6,106,900)	104,079
Total Unexpended Appropriations	\$ 15,654,783	\$ 21,761,683
Net Position	\$ 15,767,236	\$ 22,030,664

**ELECTION ASSISTANCE COMMISSION**  
**STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015**  
(In Dollars)

	2016	2015
<b>Budgetary Resources:</b>		
Unobligated Balance Brought Forward, October 1	\$ 14,723,380	\$ 13,476,424
Adjustment to Unobligated Balance Brought Forward, October 1	-	-
Unobligated Balance Brought Forward, October 1, as adjusted	14,723,380	13,476,424
Recoveries of Prior Year Unpaid Obligations	454,338	370,805
Other changes in unobligated balance	(3,701,275)	(974,442)
Unobligated balance from prior year budget authority, net	11,476,443	12,872,787
Appropriations	8,100,000	8,100,000
Borrowing authority	-	-
Contract Authority	-	-
Spending authority from offsetting collections	10,995	23,727
<b>Total Budgetary Resources</b>	<b>\$ 19,587,438</b>	<b>\$ 20,996,514</b>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred	\$ 9,782,372	\$ 6,273,134
Unobligated balance, end of year:		
Apportioned	1,869,503	5,121,218
Exempt from apportionment	-	-
Unapportioned	7,935,563	9,602,162
Total unobligated balance, end of year	9,805,066	14,723,380
<b>Total Budgetary Resources</b>	<b>\$ 19,587,438</b>	<b>\$ 20,996,514</b>
<b>Change in Obligated Balance</b>		
<b>Unpaid Obligations:</b>		
Unpaid Obligations, Brought Forward, October 1	\$ 7,208,769	\$ 8,675,382
Adjustment to Unpaid Balance, Start of Year	-	-
Obligations Incurred	9,782,372	6,273,134
Outlays (gross)	(10,926,269)	(7,368,942)
Actual transfers, unpaid obligations	-	-
Recoveries of Prior Year Unpaid Obligations	(454,338)	(370,805)
Unpaid Obligations, End of Year (Gross)	5,610,534	7,208,769
<b>Uncollected payments:</b>		
Uncollected Customer Payments, Federal Sources, Brought Forward, October 1	-	-
Adjustment to Uncollected Customer Payments, Federal Sources, Start of Year	-	-
Change in Uncollected Payments, Federal Sources	-	-
Actual transfers, uncollected customer payments, Federal Sources	-	-
Uncollected Customer Payments, Federal Sources, End of Year	-	-
<b>Memorandum entries:</b>		
Obligated Balance, Start of Year	\$ 7,208,769	\$ 8,675,382
Obligated Balance, End of Year	\$ 5,610,534	\$ 7,208,769

Budget authority, gross	\$ 8,110,995	\$ 8,123,727
Actual offsetting collections	(10,995)	(23,727)
Change in Uncollected Payments, Federal Sources	-	-
Anticipated offsetting collections	\$ -	\$ -
<b>Budget Authority, net, (total)</b>	<b>\$ 8,100,000</b>	<b>\$ 8,100,000</b>
Outlays, gross	\$ 10,926,269	\$ 7,368,942
Actual offsetting collections	(10,995)	(23,727)
<b>Outlays, net, (total)</b>	<b>10,915,274</b>	<b>7,345,215</b>
Distributed Offsetting Receipts	-	-
<b>Agency outlays, net</b>	<b>\$ 10,915,274</b>	<b>\$ 7,345,215</b>

**STATEMENT OF CUSTODIAL ACTIVITY  
FOR THE TWELVE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015  
(In Dollars)**

	2016	2015
<b>Revenue Activity:</b>		
Sources of Cash Collections:		
Individual Income and FICA/SECA Taxes	\$ -	\$ -
Corporate Income Taxes		
Excise Taxes	-	-
Estate and Gift Taxes		
Federal Unemployment Taxes		
Customs Duties		
Miscellaneous	-	2,266,086
<b>Total Cash Collections (Note 15)</b>	<b>-</b>	<b>2,266,086</b>
Accrual Adjustments	-	(2,266,085)
<b>Total Custodial Revenue</b>	<b>-</b>	<b>1</b>
<b>Disposition of Collections:</b>		
Transferred to Others (by Recipient)	-	1
Increase/(Decrease) in Amounts Yet to be Transferred	-	-
Refunds and Other Payments	-	-
Retained by the Reporting Entity	-	-
<b>Net Custodial Activity</b>	<b>\$ -</b>	<b>\$ -</b>

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

## II.E. NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The U.S. Election Assistance Commission (EAC) is an independent, bipartisan commission charged with developing guidance to meet the Help America Vote Act (HAVA) of 2002 requirements, adopting voluntary voting system guidelines, and serving as a national clearinghouse of information about election administration. EAC also accredits voting system testing laboratories and certifies voting systems, and audits the use of HAVA funds. Other responsibilities include distributing and monitoring HAVA funds provided to States and other grantees; and maintaining the National Mail Voter Registration form developed in accordance with the National Voter Registration Act of 1993.

HAVA established the Standards Board and the Board of Advisors to advise EAC. The law also established the Technical Guidelines Development Committee to assist EAC in the development of voluntary voting system guidelines.

EAC commissioners are appointed by the President and confirmed by the United States Senate. EAC is required to submit an annual report to Congress as well as testify periodically about HAVA progress and related issues. The Commission also holds public meetings and hearings to inform the public about its progress and activities.

The EAC reporting entity is comprised of General Funds. General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. EAC manages Salaries and Expenses, Election Reform Program and Election Data Collection Grants General Fund accounts.

EAC has rights and ownership of all assets reported in these financial statements. EAC does not possess any non-entity assets.

#### B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of EAC. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency's operating results; the Statement of Changes in Net Position displays the changes in the agency's equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency's resources and follows the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of EAC in accordance with the hierarchy of accounting principles generally accepted in the United States of America,



standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended, and EAC accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives used to monitor and control EAC's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

### **C. Basis of Accounting**

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

### **D. Fund Balance with Treasury**

Fund Balance with Treasury is the aggregate amount of EAC's funds with Treasury in expenditure accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

EAC does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

### **E. Accounts Receivable**

Accounts receivable consists of amounts owed to EAC by other Federal agencies and the general public. EAC has made advance payments for services provided by other Federal Agencies. When the period of performance for these services expires without fulfillment of the contract, a receivable is recorded. All unused funds that have not been returned are recorded as receivable. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

### **F. Property, Equipment, and Software**

Property, equipment and software represent furniture, fixtures, equipment, and information technology hardware and software which are recorded at original acquisition cost and are depreciated or amortized using the straight-line method over their estimated useful lives. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. EAC's capitalization threshold varies based on the property classification for assets with a useful life of two or more years. For general property and equipment, the capitalization

## Election Assistance Commission

threshold is \$10,000, with a bulk purchase policy of \$100,000. For leasehold improvements and software, the capitalization threshold is \$25,000.

Property, equipment, and software acquisitions that do not meet the capitalization criteria are expensed upon receipt. Applicable standard governmental guidelines regulate the disposal and convertibility of agency property, equipment, and software. The useful life classifications for capitalized assets are as follows:

<u>Description</u>	<u>Useful Life (years)</u>
Leasehold Improvements	4 - 7
Office Furniture	5
Computer Equipment	5
Office Equipment	5
Software	5

### G. Advances and Prepaid Charges

On occasion, EAC prepays amounts in anticipation of receiving future benefits. Although a payment has been made, an expense is not recorded until goods have been received or services have been performed. EAC has prepayments and advances with non-governmental, as well as governmental, vendors.

### H. Liabilities

Liabilities represent the amount of funds likely to be paid by EAC as a result of transactions or events that have already occurred. EAC reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. Liabilities with the Public represent funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year that are not paid until the next fiscal year. EAC also accrues liabilities for HAVA Section 251 requirements payments. See the required supplementary stewardship information for more information about grants.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave.

## **I. Annual, Sick, and Other Leave**

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on the latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Non-vested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to the Office of Personnel Management (OPM) upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees at 100%.

## **J. Accrued and Actuarial Workers' Compensation**

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses any claims brought by EAC employees for on-the-job injuries. DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that EAC terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL.

## **K. Retirement Plans**

EAC employees participate in either CSRS or FERS. The employees who participate in CSRS are beneficiaries of EAC matching contribution, equal to seven percent of pay, distributed to their annuity account in the Civil Service Retirement and Disability Fund.

Prior to December 31, 1983, all employees were covered under the CSRS program. From January 1, 1984 through December 31, 1986, employees had the option of remaining under CSRS or joining FERS and Social Security. Employees hired as of January 1, 1987 are automatically covered by the FERS program. Both CSRS and FERS employees may participate in the federal Thrift Savings Plan (TSP). FERS employees receive an automatic agency contribution equal to one percent of pay and EAC matches any employee contribution up to an additional four percent of pay. For FERS participants, EAC also contributes the employer's matching share of Social Security.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, EAC remits the employer's share of the required contribution.

EAC recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to EAC for

current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. EAC recognizes the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

EAC does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of OPM, as the plan administrator.

#### **L. Other Post-Employment Benefits**

EAC employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGSIP) may continue to participate in these programs after their retirement. OPM has provided EAC with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. EAC recognizes a current cost for these and Other Retirement Benefits (ORB) at the time employee services are rendered. The ORB expense is financed by OPM, and offset by EAC through the recognition of an imputed financing source.

#### **M. Use of Estimates**

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

#### **N. Imputed Costs/Financing Sources**

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. EAC recognized imputed costs and financing sources in fiscal years 2016 and 2015 to the extent directed by accounting standards.

#### **O. Grants**

EAC administers and oversees the grant making process in connection with federal Requirement Payments and, in prior years, grants made to recipient organizations. As Requirement Payments and grants are awarded, they are recorded as obligations and represent uses of budgetary resources.

Payments made under the grant awards for expenditures already incurred by the recipients are fully expended and are included in the Statement of Net Costs. Grant awards made to grantees in advance of expenditures are recorded as advances and are included in the balance sheet.

**NOTE 2. FUND BALANCE WITH TREASURY**

Fund Balance with Treasury account balances as of September 30, 2016 and 2015, were as follows:

	2016	2015
<b>Fund Balances:</b>		
Appropriated Funds	\$ 15,415,600	\$ 21,932,149
<b>Total</b>	<b>\$ 15,415,600</b>	<b>\$ 21,932,149</b>
<b>Status of Fund Balance with Treasury:</b>		
Unobligated Balance		
Available	\$ 1,869,503	\$ 5,121,218
Unavailable	7,935,563	9,602,162
Obligated Balance Not Yet Disbursed	5,610,534	7,208,769
<b>Total</b>	<b>\$ 15,415,600</b>	<b>\$ 21,932,149</b>

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts. The available unobligated fund balances represent the current-period amount available for obligation or commitment.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand (see also Note 12).

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable balances as of September 30, 2016 and 2015, were as follows:

	2016	2015
Intragovernmental		
Accounts Receivable	\$ -	\$ -
With the Public		
Accounts Receivable	-	-
Employee Receivables	20	(30)
<b>Total Accounts Receivable</b>	<b>\$ 20</b>	<b>\$ (30)</b>

The accounts receivable is primarily made up of moneys due from funds that had been advanced for services that were not used, and employee receivables.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2016 and 2015.

**NOTE 4. ADVANCES AND PREPAYMENTS**

Advances and Prepayments balances as of September 30, 2016 and 2015, were as follows:

	2016	2015
<b>Intragovernmental</b>		
Advances and Prepayments	\$ 999,687	\$ 363,506
<b>With the Public</b>		
Advances and Prepayments	-	-
<b>Total Other Assets</b>	<b>\$ 999,687</b>	<b>\$ 363,506</b>

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

The Schedule of Property, Equipment, and Software as of September 30, 2016 was as follows:

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

The Schedule of Property, Equipment, and Software as of September 30, 2015 was:

Major Class	Acquisition Cost	Accumulated Amortization/Depreciation	Net Book Value
Leasehold Improvements	\$ 1,203,003	\$ 928,114	\$ 274,889
Furniture & Equipment	902,626	766,758	135,868
Software	172,721	162,464	10,257
Construction-in-Progress	-	N/A	-
Software-in-Development	79,892	N/A	79,892
<b>Total</b>	<b>\$ 2,358,242</b>	<b>\$ 1,857,336</b>	<b>\$ 500,906</b>

Depreciation expense was \$212,571 and \$393,592 for the twelve months ending September 30, 2016 and 2015, respectively.

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

The liabilities for EAC as of September 30, 2016 and 2015, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be

## Election Assistance Commission

provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

Federal Employees' Compensation Act liabilities represent the unfunded liability for actual workers compensation claims on EAC's behalf and payable to DOL.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

	2016	2015
Intragovernmental – FECA	\$ 234	\$ 234
Intragovernmental – Unemployment Insurance	-	-
Unfunded Leave	222,396	236,261
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 222,630</b>	<b>\$ 236,495</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>760,504</b>	<b>529,372</b>
<b>Total Liabilities</b>	<b>\$ 983,134</b>	<b>\$ 765,867</b>

### NOTE 7. OTHER LIABILITIES

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

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

#### With the Public

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

Other liabilities account balances as of September 30, 2015 were as follows:

	Current	Non Current	Total
<b>Intragovernmental</b>			
FECA Liability	\$ 738	\$ -	\$ 738
Unemployment Insurance Liability	-	-	-
Payroll Taxes Payable	21,353	-	21,353
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 22,091</b>	<b>\$ -</b>	<b>\$ 22,091</b>

<b>With the Public</b>			
Payroll Taxes Payable	\$ 3,100	\$ -	\$ 3,100
Accrued Funded Payroll and Leave	103,336	-	103,336
Unfunded Leave	236,261	-	236,261
Custodial Liability	-	-	-
Other Liabilities w/related Budgetary Ob	207,684	-	207,684
<b>Total Public Other Liabilities</b>	<b>\$ 550,381</b>	<b>\$ -</b>	<b>\$ 550,381</b>

**NOTE 8. LEASES**

EAC has no capital leases. EAC relocated from its headquarters office located at 1201 New York Avenue NW, Suite 300, Washington, DC, on November 1, 2013. EAC also ended the lease for additional space at 1225 New York Avenue NW, Washington, DC, at the same time. EAC entered into a new lease for its headquarters office located at 1335 East-West Highway, Silver Spring, MD, which expires on or around November 1, 2018.

Schedule of Future Lease Payments

Fiscal Year	Building	Totals
2017	\$ 238,100	\$ 238,100
2018	19,863	19,863
2019	-	-
2020	-	-
Thereafter	-	-
<b>Total Future Payments</b>	<b>\$ 257,963</b>	<b>\$ 257,963</b>

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

**NOTE 9. INTRA-GOVERNMENTAL COSTS AND EXCHANGE REVENUE**

Intra-governmental costs and revenue represent exchange transactions between EAC and other federal government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:



	2016	2015
<b>Communications and Clearinghouse</b>		
Intragovernmental Costs	\$ 141,908	\$ 190,573
Public Costs	758,320	563,051
<b>Total Costs</b>	<b>900,228</b>	<b>753,624</b>
<b>Fund and Oversee</b>		
Intragovernmental Costs	\$ 999,938	\$ 848,225
Public Costs	5,343,395	2,506,098
<b>Total Costs</b>	<b>6,343,333</b>	<b>3,354,323</b>
<b>Research, Policy, and Programs</b>		
Intragovernmental Costs	\$ 199,967	\$ 305,927
Public Costs	1,068,568	903,868
<b>Total Costs</b>	<b>1,268,535</b>	<b>1,209,795</b>
<b>Testing and Certifications</b>		
Intragovernmental Costs	\$ 366,931	\$ 593,979
Public Costs	1,960,781	1,754,922
<b>Total Costs</b>	<b>2,327,712</b>	<b>2,348,901</b>
<b>Total Intragovernmental Costs</b>	<b>1,708,745</b>	<b>1,938,704</b>
<b>Total Public Costs</b>	<b>9,131,063</b>	<b>5,727,939</b>
<b>Total Net Cost</b>	<b>\$ 10,839,808</b>	<b>\$ 7,666,643</b>

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

The President's Budget that will include fiscal year 2016 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2018 and can be found at the OMB Web site: <http://www.whitehouse.gov/omb/>. The 2017 Budget of the United States Government, with the "Actual" column completed for 2015, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

The budget that includes the fiscal year 2015 actual execution information is as follows:

FY2015	Budgetary Resources	Obligations Incurred	Net Outlays
Statement of Budgetary Resources	\$20,996,514	\$ 6,273,134	\$7,345,215
Spending Authority from Offsetting Collections	23,727		
Unobligated Balance Not Available	9,602,162		
Rounding	(370,625)	(273,134)	(345,215)
Budget of the U.S. Government	\$11,000,000	\$6,000,000	\$7,000,000

**NOTE 11. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED**

Obligations incurred and reported in the Statement of Budgetary Resources in 2016 and 2015 consisted of the following:

	2016	2015
Direct Obligations, Category B	\$ 9,782,372	\$ 6,273,134
Total Obligations Incurred	\$ 9,782,372	\$ 6,273,134

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

**NOTE 12. UNDELIVERED ORDERS AT THE END OF THE PERIOD**

For the twelve months ended September 30, 2016 and 2015, budgetary resources obligated for undelivered orders are as follows:

	2016	2015
Undelivered Orders	\$ 5,849,717	\$ 7,038,302
Total Undelivered Orders	\$ 5,849,717	\$ 7,038,302

**NOTE 13. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET**

EAC has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations:

	2016	2015
<b>Resources Used to Finance Activities</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 9,782,372	\$ 6,273,134
Spending Authority from Offsetting Collections and Recoveries	(465,333)	(394,532)
Obligations Net of Offsetting Collections and Recoveries	9,317,039	5,878,602
Other Resources		
Transfers in/out Without Reimbursement	-	-
Imputed Financing from Costs Absorbed by Others	177,656	239,136
Net Other Resources Used to Finance Activities	177,656	239,136
Total Resources Used to Finance Activities	9,494,695	6,117,738
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	1,132,593	1,149,218
Total Resources Used to Finance the Net Cost of Operations	10,627,288	7,266,956
Generate Resources in the Current Period	212,520	399,687
<b>Net Cost of Operations</b>	<b>\$10,839,808</b>	<b>\$ 7,666,643</b>

#### NOTE 14. REQUIREMENT PAYMENTS AND GRANT PROGRAMS

The largest of EAC's grant programs is the Help American Vote Act (HAVA) Section 251 Requirements Payments to the States to help them meet the Title III requirements of HAVA and carry out other activities to improve the administration of elections for Federal office after certain certifications. Section 251 funds are available until expended in the Election Reform Program no year account. EAC's discretionary grants, Accessible Voting Technology (including Military Heroes), Logic and Accuracy Grants, College Poll Worker and Mock Election Grants, are completed and have been closed.

	2016	2015
FY 2009 Section 251 Requirement Payments	\$ 500,000	\$ 500,000
FY 2010 Section 251 Requirement Payments	1,557,242	350,000
FY 2011 Section 251 Requirement Payments	40,034	80,066
Accessible Voting Technology	246,962	
Logic and Accuracy Grant Program	2,010,998	(17,638)
<b>Net Cost of Operations</b>	<b>\$ 3,855,236</b>	<b>\$ 912,428</b>

During FY 2016, EAC received a Logic and Accuracy Grant payment return in the amount of \$1,502.54, and an Accessible Voting Technology return of \$6,604.84. EAC disbursed \$6,454 in Section 251 Requirements Payments to both South Carolina and the District of Columbia, and \$1,584,368 to Massachusetts. The balance of funds was disbursed pursuant to an FY 2016 appropriations amendment.

**NOTE 15. CUSTODIAL CASH COLLECTIONS**

During October 2013, Election Assistance Commission (EAC) disbursed a \$2.2 million Requirements payment as part of section 251 of the Help America Vote Act (HAVA). The payment was made against funds that cancelled September 2013. EAC collected the improper payment through Treasury Offset in June, 2015. Funds were disbursed pursuant to an amendment in P.L. 114-113 in May, 2016, closing the custodial activity.

	2016	2015
Miscellaneous	\$ -	\$2,266,086
<b>Total Cash Collections</b>	<b>\$ -</b>	<b>\$2,266,086</b>

**II.F. REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)**

**Non-Federal Physical Property**

Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation, but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. However, these items merit special treatment so that users of Federal financial reports know the extent of

investments that are made for long-term benefit. Such investments are measured in terms of expenses incurred for non-Federal physical property, human capital, and research and development. In October 2002, Congress passed the Help America Vote Act (HAVA). The law recognized the need for states to invest in their election infrastructure. A major provision of HAVA, Title III, *Uniform and Nondiscriminatory Election Technology and Administration Requirements*, sets forth requirements for each voting system used in an election for Federal office.

The following chart shows expenditures using Federal HAVA funds for voting and voting-related equipment, as well as applied voting research by states and other agency recipients of grants and payments funds. Amounts are reported in the fiscal year proceeding the year the expense was incurred.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Section 102 Funds</b>	\$ 19,905,709	\$ 36,838,905	\$ (163,130)	\$90,122	\$137,401	\$ (267,813)	\$ (10,769)	\$ 0
<b>Section 251 Funds</b>	262,018,224	143,247,989	104,356,159	40,410,437	43,417,090	168,169,476	75,586,153	110,248,566
<b>Total</b>	<b>\$281,923,933</b>	<b>\$180,086,894</b>	<b>\$104,193,029</b>	<b>\$40,500,559</b>	<b>\$43,554,491</b>	<b>\$167,901,663</b>	<b>\$75,575,384</b>	<b>\$110,248,566</b>

**Section 102 Funds.** Section 102 funds were disbursed to states for the primary purpose of replacing punch card or lever voting machines. As such, section 102 funds have been used to purchase physical property.

**Section 251 Funds.** The HAVA Section 251 Requirements Payments are used to meet the requirements of Title III and improve the quality of Federal elections. As such, Requirements Payments have been used in part to purchase physical property, and to provide funds to the states to carry out other activities to improve the administration of Federal elections.

**Research and Development**

The EAC had two research and development initiatives completed in FY 2015. The initiatives provided funds to support the search for new or improved election voting technology that increases the accessibility and accuracy of voting for all citizens. Costs incurred on these initiatives are included in the calculation of net costs.

**Accessible Voting Technology Initiative.** EAC awarded \$7.5 million in grants for three three-year grants to fund research to identify and develop technological and administrative solutions that help ensure that all citizens can vote privately and independently, a requirement of HAVA (42 U.S.C. 15441). The initiative supported research and development activities to increase the accessibility of new, existing, and emerging technological solutions in areas such as assistive technologies, interoperability, and design of voting systems. One of the grants provided data on accommodations and assistance needed for recently injured military personnel to participate in Federal elections. The initiative resulted in over 45 research and development proposals. In FY 2016, a grantee returned \$6,604.84.

**Pre-Election Logic and Accuracy and Post-Election Audit Grant Program.** EAC awarded \$1.4 million in grant funds to develop and document processes and best practices for coordinating quality and cost-effective voting system pre-election logic and accuracy testing, and post-election audits. Funds supported the research, development, documentation, and dissemination of a range of procedures and processes used in managing and conducting high quality Logic and Accuracy testing and post-election audit activities by type of voting method, vendor specific equipment, jurisdiction size, and other ways. In FY 2016, a grantee returned \$1,520.54.

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Accessible Voting Technology Initiative	\$ 270,011	\$ 1,630,476	\$ 2,809,602	\$ 2,429,159	\$ -	\$ (6,605)
Logic and Accuracy	-	275,040	485,600	236,499	(17,638)	(1,520)
<b>Total</b>	<b>\$ 270,011</b>	<b>\$1,905,516</b>	<b>\$3,295,202</b>	<b>\$2,665,658</b>	<b>\$(17,638)</b>	<b>\$ (8,125)</b>

**SECTION III**  
**Other Accompanying Information**

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



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

October 21, 2016

Memorandum

To: Thomas Hicks  
Chairman, U.S. Election Assistance Commission

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

From: Patricia L. Layfield  
Inspector General

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

In accordance with the Reports Consolidation Act of 2000, I am submitting our annual statement summarizing the areas which the Office of Inspector General considers to be the most serious management and performance challenges facing the U.S. Election Assistance Commission. This list is based upon our audit, inspection and evaluation work; and general knowledge of the agency's operations.

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

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

Attachment

cc: Commissioner Matthew Masterson, U.S. Election Assistance Commission  
Commissioner Christy A. McCormick, U.S. Election Assistance Commission  
Executive Director, U.S. Election Assistance Commission  
Chief Financial Officer, U.S. Election Assistance Commission

Attachment



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

### **Introduction**

The Reports Consolidation Act of 2000 requires the Office of Inspector General (OIG) to report annually on what it considers to be the most serious management and performance challenges facing the U.S. Election Assistance Commission (EAC). Management challenges are derived from cross-cutting issues that arise during our regular audit, evaluation and investigatory work. They are also influenced by our general knowledge of the agency's operations and the works of other evaluative bodies such as the Government Accountability Office (GAO).

For fiscal year 2016, the OIG is reporting on two management and performance challenges facing the EAC. Each of these management challenges have been reported in prior years:

- Performance Management and Accountability
- Records Management

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

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

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

Effective management and accountability are integral to any operation and must start with senior management. The Help America Vote Act (HAVA), which created EAC, specified that direction and management are carried out by four full-time Commissioners, an Executive Director, and General Counsel. Generally, the Commissioners establish policy and the executive director carries out policy by administering the day-to-day operations of the organization. The Help America Vote Act requires that any action of the Commissioners be carried out by the approval (vote) of at least three. For almost five



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

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years through December 2014, EAC lacked a quorum and from May 2012 until December 2014, EAC leadership consisted solely of the Chief Operating Officer, acting as Executive Director. Thus, critical business requiring a quorum of Commissioners was not carried out during that period. These conditions and some confusion over the roles and responsibilities of the Commissioners and the Executive Director resulted in a leadership vacuum, an inability of EAC to focus on key duties, a failure to hold people accountable, and a decline in staff morale.

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

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

EAC continues to make progress toward meeting this challenge. The Senate confirmed three new Commissioners who were sworn-in on January 13, 2015. The Commissioners issued new policy in February 2015, which (1) defined the Commission and its duties<sup>1</sup>, (2) provided for the division of duties regarding policy making and day-to-day operations, and (3) established an order of succession in the case of key vacancies.

In November and December 2015, the Commissioners also hired an Executive Director and a General Counsel, respectively. With the EAC's top level executives in place, the agency began to rethink its mission and organization. Management consolidated its corrective action plans for key OIG recommendations concerning development and communication of strategic plans and goals and documentation of policies and procedures into a plan to develop a comprehensive Communications and Clearinghouse Plan. In addition, EAC management continues to restructure assignment of duties, a process that began with the hiring of the Executive Director and General Counsel. New positions devoted to the direction and operation of the Clearinghouse function have been created and are either filled or in the process of being filled. A new webmaster and digital communications specialist has been hired to manage EAC's transition to a new website platform and develop a social media plan that will be part of the overall Communications and Clearinghouse Plan.

## **CHALLENGE 2: RECORDS MANAGEMENT - ISSUED IN 2010**

Maintaining complete and accurate records of the operations, policies, procedures and practices are critical to effective agency performance. Furthermore, retention of government records is mandated by federal law.

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<sup>1</sup>The February 2015 policy superseded the 2008 *Roles and Responsibilities of the Commissioners and Executive Director of the U.S. Election Assistance Commission Policy*.





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Without these records, an agency cannot retain an institutional knowledge. In that regard, since its inception in December 2003, the EAC has seen eight commissioners, two general counsels, and program directors come and go.

The EAC did not have documented policies and procedures for management and retention of records. The OIG first noted the EAC's lack of a records management system in 2008, when it issued the Assessment of EAC's Program and Financial Operations.

The lack an approved system for records retention leaves the EAC vulnerable to suit by information requesters and susceptible to waste, fraud, or abuse of its resources and the intentional destruction of government records in violation of federal law. The EAC should take steps to complete its remaining records retention schedules, obtain approval of those schedules as needed from the National Archives and Records Administration (NARA), and train its staff on the proper retention of federal government records.

***EAC's Progress***

In March 2013, the Executive Director of EAC signed a document titled, *U.S. Election Assistance Commission (EAC) Records Management Standard Operating Procedures*. EAC has completed the records retention schedules for the Office of Inspector General, Human Resources, the Executive Director, the Commissioners, the General Counsel, the Chief Financial Officer, and Grants and Communications and submitted the schedules to NARA as needed. The schedule for the Research Division is pending completion of a records inventory. The schedule for Testing and Certification has been submitted to and returned by NARA for wording changes multiple times. Finally, EAC has begun to plan for a system to organize and archive EAC emails, which is due to be completed by December 31, 2016. Staff turnover and the agency reorganization that is in the planning process have caused some delays in the completion of the Records Management project.

**III.B. IMPROPER PAYMENTS**

The Improper Payments Act requires each Federal agency to assess all programs and identify which, if any, may be subject to high risk with respect to improper payments. For Fiscal Year 2016, the EAC does not believe that it has any programs where the erroneous payments could exceed 2.5 percent of program payments or \$10.0 million threshold (set in OMB Guidance) to trigger further agency action.

**III.C. SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES**

<b>SUMMARY OF FISCAL YEAR 2016 FINANCIAL STATEMENT AUDIT</b>						
<b>Audit Opinion</b>		<b>Unmodified</b>				
<b>Material Weaknesses</b>		<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
<b>Financial Accounting &amp; Reporting</b>		<b>0</b>				<b>0</b>
<b>Total Material Weaknesses</b>		<b>0</b>				<b>0</b>
<b>Summary of Management Assurances</b>						
<b>Statement of Assurance (FMFIA§ 2)</b>		<b>Unmodified</b>				
<b>No.</b>	<b>Summary</b>	<b>Beginning Balance</b>	<b>New</b>	<b>Resolved</b>	<b>Consolidated</b>	<b>Ending Balance</b>
<b>1</b>	<b>Material Weaknesses (FMFIA§ 2)</b>	<b>0</b>				<b>0</b>
	<b>Total</b>	<b>0</b>				<b>0</b>

