

SEMIANNUAL REPORT

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



*For the Period:
October 1, 2007, Through
March 31, 2008*



U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL
1225 New York Ave. NW - Suite 1100
Washington, DC 20005

April 30, 2008

The Honorable Rosemary Rodriguez
Chairwoman
U.S. Election Assistance Commission
1225 New York Avenue NW- Suite 1100
Washington, D.C. 20005

Dear Madam Chairwoman:

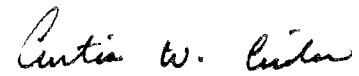
The Inspector General Act of 1978 (Public Law 95-452), as amended, calls for the preparation of semiannual reports to the Congress summarizing the activities of the Office of Inspector General (OIG) for the six-month periods ending each March 31 and September 30. I am pleased to enclose the report for the period from October 1, 2007 to March 31, 2008.

The Inspector General's report covers audits, investigations and other reviews conducted by the OIG as well as audits conducted by independent auditors. The report also indicates the status of management decisions whether to implement or not to implement recommendations made by the OIG.

The Act requires that you transmit the report to the appropriate committees of the Congress within 30 days of receipt, together with any comments you may wish to make. Comments that you might offer should be included in your management report that is required to be submitted along with the Inspector General's report. The due date for submission of both reports is May 31, 2008.

I appreciate the continuing support we have received from the Chair's Office and your managers throughout the Commission. Working together, I believe we have taken positive steps to improve Commission programs and operations.

Sincerely,

A handwritten signature in cursive script that reads "Curtis W. Crider".

Curtis Crider

Inspector General

Table of Contents

	<u>Page</u>
Election Assistance Commission Profile	1
Office of Inspector General Operations	2
Performance Audits	3
Investigations	4
Other Activities	6
Appendices:	
A. Reports Issued	7
B. Monetary Impact of Audit Activities	8
C. Reports with Questioned Costs	9
D. Reports with Potential Additional Program Funds	10
E. Summary of Reports More Than 6 Months Old Pending Corrective Action At March 31, 2008	11
F. Reporting Requirements of the Inspector General Act	13

EAC PROFILE

Congress established the Election Assistance Commission (EAC) with the passage of the Help America Vote Act (HAVA) in October 2002.

Among EAC's Key Duties Are:

Instituting a program to test and certify voting systems to standards developed by EAC

Administering the use of \$3 billion in Federal payments and grants

Researching various Federal election administration topics

HAVA requires EAC's to:

Generate technical guidance on the administration of federal elections.

Produce voluntary voting systems guidelines.

Research and report on matters that affect the administration of federal elections.

Otherwise provide information and guidance with respect to laws, procedures, and technologies affecting the administration of Federal elections.

Administer payments to States to meet HAVA requirements.

Manage funds targeted to certain programs designed to encourage youth participation in elections.

Develop a national program for the testing, certification, and decertification of voting systems.

Maintain the national mail voter registration form

that was developed in accordance with the National Voter Registration Act of 1993 (NVRA), report to Congress every two years on the impact of the NVRA on the administration of federal elections, and provide information to States on their responsibilities under that law.

Audit organizations which received federal funds authorized by HAVA from the General Services Administration or the Election Assistance Commission.

Submit an annual report to Congress describing EAC activities for the previous fiscal year.

OIG OPERATIONS

The EAC OIG has one permanent full-time position (the Inspector General), and a contract with an independent public accounting firm for additional audit support. The EAC OIG obtains investigative assistance under reimbursable agreements from other Inspectors General.

HAVA added the EAC to the list of designated Federal entities covered by the Inspector General Act (IG) of 1978 (Public Law 95-452, as amended). According to the IG Act, inspectors general:

Conduct and supervise internal reviews, audits and evaluations of agency programs and operations;

Provide leadership and coordination, and recommend actions to management, which: (1) promote economy, efficiency, and effectiveness in agency programs and operations; and (2) prevent and detect fraud, waste, abuse, and mismanagement of government resources; and

Keep the agency head, management, and the Congress fully informed regarding problems and

deficiencies, and the progress of corrective action.

Performance Reviews

*Assessment of the
U.S. Election
Assistance
Commission's
Program and Financial
Operations*

The OIG contracted with the independent certified public accounting firm of Clifton Gunderson LLP (Clifton Gunderson) to perform and document an assessment of EAC's program and financial operations focusing on management processes and controls. The assessment disclosed that EAC lacked:

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

In its response to the draft report, the EAC concurred with the findings and recommendations.

The response included a detailed action plan with milestones to address the issues identified in the report.

Investigations

*Investigation of
Allegations of
Fraudulent
Certification of
Election Equipment by
SysTest Labs,
Incorporated*

The investigation was based on an anonymous complaint that that SysTest Labs, Incorporated, had falsified the initial and re-certifications of the AutoMark Technical Systems, LLC, Voter Assist Terminal. The complainant alleged that the false certifications were the result of SysTest allowing AutoMark owners and employees of AutoMark to participate and manipulate data in what was supposed to be independent testing. The complainant also alleged that Ricoh Electronics, Inc., the manufacturer of the AutoMark Voter Assist Terminal, and Diebold Election Systems, Inc., which had recently partnered with AutoMark, were knowingly distributing inferior AutoMark Voter Assist Terminals. Consequently, the allegation indicated that funds provided under the Help America Vote Act may have been used to purchase equipment that was improperly certified by SysTest Labs.

The investigation determined that the initial and re-certifications of the AutoMark Voter Assist Terminal by SysTest were conducted pursuant to then prevailing National Association of State Election Directors standards. Also, the investigation found no evidence indicating that SysTest Lab or AutoMark employees fabricated test data even though AutoMark employees were present and left unattended for short periods of

time while the Voter Assist Terminal was being tested. Finally, the investigation did not develop any evidence that supported the allegation that Richoh and Diebold distributed inferior AutoMark Voter Assist Terminals.

*Investigation of the
Preparation of the
Voter Fraud and Voter
Intimidation Report*

In September 2005, the U.S. Election Assistance Commission (EAC) hired two consultants to conduct a study on voting fraud and voter intimidation. In August 2006, the consultants completed their report and provided it to the EAC for review. The EAC officials edited the report and publicly released a final version in December 2006. Subsequent to the release, it was learned that the EAC final report differed from the consultants' report causing speculation that the report had been changed due to political motivations or other improper reasons.

As a result of congressional inquiries and media articles regarding the changes and the delayed release of the report, EAC Chair Donetta Davidson requested the EAC Office of Inspector General (OIG) to conduct "a review of the circumstances surrounding the voting fraud and voter intimidation research project."

The investigation revealed that there was confusion regarding the intended scope of the project and the intended use of the consultants' draft report. In addition, the investigation found that the EAC officials reviewing the consultants' report believed the report was poorly written and contained unsupported conclusions and, therefore, required substantial editing. This, coupled with an

initial delay of the EAC beginning the editing process, caused the final report to be released four months after receiving the consultants' draft. However, the investigation found no evidence to support allegations that the changes were made to the report due to improper reasons or political motivations. However, the investigation did disclose a poorly conceived and managed project. The project was set to fail from the beginning due to an inadequate statement of work, which did not clearly define exactly what the contractors were expected to do, what the deliverables were expected to be, and how the deliverables were to be handled. The problems with the statement of work were compounded by EAC inadequate oversight of the consultants.

Other Activities

The IG Act requires reporting on other categories. We are reporting no actions in the following categories:

- Reviews of Legislation, Rules, Regulations and Other Issuances
- Matters Referred to Prosecuting Authorities
- Denial of Access to Records
- Significant Revised Management Decisions Made During the Period
- Significant Management Decisions with Which the Inspector General Disagrees

Reports Issued

<i>Performance Reviews</i>	Assessment of the U.S. Election Assistance Commission's Program and Financial Operations (Assignment No. I-EV-EAC 01-07(B)), February 2008
<i>Other</i>	Investigation of Allegations of Fraudulent Certification of Election Equipment by SysTest Labs, Incorporated (Assignment No. I-IV-EAC-01-08), December 2008 Investigation of the Preparation of the Voter Fraud and Voter Intimidation Report (Assignment No. I-IV-EAC-02-08), March 2008
<i>Evaluations</i>	None

Monetary Impact Of Audit Activities*

Questioned Costs	\$ 0
Potential Additional Program Funds	\$ 0
Funds be Put to Better Use	<u>\$ 0</u>
Total	<u>\$ 0</u>

* Unsupported costs are included in questioned costs.

Reports With Questioned Costs*

<i>Category</i>	<i>Number</i>	<i>Questioned Costs</i>	<i>Unsupported Costs</i>
A. For which no management decision had been made by the beginning of the reporting period.	1	\$ 173,322	\$ 0
B. Which were issued during the reporting period.	0	\$ 0	\$ 0
Subtotals (A+B)	1	\$ 173,322	\$ 0
C. For which a management decision was made during the reporting period.	1	\$ 173,322	\$ 0
(i) Dollar value of recommendations that were agreed to by management.		\$ 47,644	\$ 0
(ii) Dollar value of recommendations not agreed to by management.		\$ 125,678	\$ 0
D. For which no management decision has been made by the end of the reporting period.	0	\$ 0	\$ 0
E. Reports for which no management decision was made within 6 months of issuance.	0	\$ 0	\$ 0

* Unsupported costs are included in questioned costs.

Reports With Potential Additional Program Funds

<i>Category</i>	<i>Number</i>	<i>Dollar Value</i>
A. For which no management decision had been made by the beginning of the reporting period.	0	\$ 0
B. Which were issued during the reporting period.	0	\$ 0
Subtotals (A+B)	0	\$ 0
C. For which a management decision was made during the reporting period.	0	\$ 0
(i) Dollar value of recommendations that were agreed to by management.		\$ 0
(ii) Dollar value of recommendations that were not agreed to by management.		\$ 0
D. For which no management decision has been made by the end of the reporting period.	0	\$ 0
E. Reports for which no management decision was made within six months of issuance.	0	\$ 0

Summary of Reports More Than 6 Months Old Pending Corrective Action At March 31, 2008

This is a listing of performance, evaluation and reports on the states use of HAVA funds that more than 6 months with management decisions for which corrective action has not been completed. It provides report number, title, issue date, and the number of recommendations without final corrective action.

- E-HP-NJ-04-06 Administration of Payments Received Under the Help America Vote Act by the Office of the Attorney General, New Jersey Department of Law and Public Safety, September 2006, 9 Recommendations
- E-HP-TX-06-06 Administration of Payments Received Under the Help America Vote Act by the Texas Secretary of State, October 2006, 2 Recommendations
- E-HP-IL-07-06 Administration of Payments Received Under the Help America Vote Act by the Illinois State Board of Elections, October 2006, 8 Recommendations
- E-HP-PA-10-06 Administration of Payments Received Under the Help America Vote Act by the Secretary of the Commonwealth of Pennsylvania, January 2007, 2 Recommendations
- E-HP-SC-11-06 Administration of Payments Received Under the Help America Vote Act by the South Carolina Election Commission, January 2007, 4 Recommendations
- E-HP-OH-09-06 Administration of Payments Received Under the Help America Vote Act by the Ohio Secretary of State, May 2007, 2 Recommendations
- E-HP-MD-08-06 Administration of Help America Vote Act Funds by the Maryland State Board of Elections, June 2007, 5 Recommendations
- E-HP-KY-02-07 Administration of Payments Received Under the Help America

Vote Act by the Commonwealth of Kentucky State Board of Elections, August 2007, 1 Recommendation

I-PA-EAC-01-06 Improvements Needed in the Management of Travel by the Election Assistance Commission , July 2007, 4 Recommendations

I-EV-EAC-01-07A Preliminary Assessment of EAC's Compliance with the Requirements of the Federal Information Security Management Act, August 2007, 4 Recommendations

Reporting Requirements of the IG Act

<u>Section of Act</u>	<u>Requirement</u>	<u>Page</u>
Section 4(a)(2)	Review of Legislation and Regulations	None
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations for Corrective Action With Respect to Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(3)	Significant Recommendations From Agency's Previous Report on Which Corrective Action Has Not Been Completed	
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	None
Section 5(a)(5)	Matters Reported to the Head of the Agency	None
Section 5(a)(6)	List of Reports Issued During the Reporting Period	7
Section 5(a)(7)	Summary of Significant Reports	3
Section 5(a)(8)	Statistical Table - Questioned Costs	9
Section 5(a)(9)	Statistical Table - Recommendations That Funds Be Put to Better Use	None
Section 5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	None
Section 5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	None
Section 5(a)(12)	Significant Management Decisions With Which the Inspector General Is in Disagreement	None
Section 5(a)(13)	Information Described Under Section 05(b) of the Federal Financial Management Improvement Act of 1996	None

OIG's Mission

The OIG audit mission is to provide timely, high-quality professional products and services that are useful to OIG's clients. OIG seeks to provide value through its work, which is designed to enhance the economy, efficiency, and effectiveness in EAC operations so they work better and cost less in the context of today's declining resources. OIG also seeks to detect and prevent fraud, waste, abuse, and mismanagement in these programs and operations. Products and services include traditional financial and performance audits, contract and grant audits, information systems audits, and evaluations.

Obtaining Copies of OIG Reports

Copies of OIG reports can be requested by e-mail.
(eacoig@eac.gov).

Mail orders should be sent to:

U.S. Election Assistance Commission
Office of Inspector General
1225 New York Ave. NW – Suite 1100
Washington, DC 20005

To order by phone: Voice: (202) 566-3100
Fax: (202) 566-0957

To Report Fraud, Waste and Abuse Involving the U.S. Election Assistance Commission or Help America Vote Act Funds

By Mail: U.S. Election Assistance Commission
Office of Inspector General
1225 New York Ave. NW – Suite 1100
Washington, DC 20005

E-mail: eacoig@eac.gov

OIG Hotline: 866-552-0004 (toll free)

FAX: 202-566-0957
