

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



## **Management Letter: Required Supplementary Stewardship Information**

**No. I-PA-EAC-01-10(A)  
NOVEMBER 2010**



**U.S. ELECTION ASSISTANCE COMMISSION**  
**OFFICE OF INSPECTOR GENERAL**  
**1201 New York Ave. NW - Suite 300**  
**Washington, DC 20005**

November 15, 2010

To: Donetta Davidson  
Chair, U.S. Election Assistance Commission

From: Curtis W. Crider *Curtis W. Crider*  
Inspector General, U.S. Election Assistance Commission

Subject: Management Letter – Required Supplementary Stewardship  
Information

This memorandum transmits Leon Snead & Co.'s management letter which is based on the financial statement audit report of the U.S. Election Assistance Commission (EAC) for the Fiscal Years 2010 and 2009.

**Results of Independent Audit**

The Chief Financial Officer's (CFO) Act of 1990 (P.L. 101-576), as amended, requires EAC Inspector General or an independent external auditor, as determined by the Inspector General, to audit EAC's financial statements. Under a contract monitored by the Office of Inspector General (OIG), Leon Snead & Co. P.C., an independent public accounting firm, performed an audit of EAC's Fiscal Years 2010 and 2009 financial statements. The contract required that the audit be performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States, and Bulletin 07-04, *Audit Requirements of Federal Financial Statements*, as amended, issued by the United States Office of Management and Budget.

In conjunction with the financial statement audit, Leon Snead & Co. P.C. noted that EAC did not report required supplementary stewardship information relating to the investments EAC made for non-federal property and research in fiscal year 2009. EAC, in response to Leon Snead & Co. P.C.'s concerns was able to gather sufficient information to enable the agency to estimate the investments made for non-federal property for the last four years.

Based on the information provided in the November 5, 2010 response to the draft management letter, we consider this recommendation resolved.

The Inspector General Act of 1978, as amended, requires semiannual reporting to Congress on all reports issued, actions taken to implement recommendation, and recommendations that have not been implemented. Therefore, we will include the

information in the attachment in our next semiannual report to Congress. The distribution of this report is not restricted and copies are available for public inspection.

We appreciate the cooperation and assistance of EAC personnel during the audit. If you or your staff has any questions, please contact me at (202) 566-3125.

Attachment

Copy to: Gineen Bresso, Commissioner  
Gracia Hillman, Commissioner  
Thomas Wilkey, Executive Director



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The Commission and Inspector General  
U.S. Election Assistance Commission

We have audited the financial statements of the U.S. Election Assistance Commission (EAC) as of and for the years ended September 30, 2010 and 2010, and have issued our report thereon dated November 9, 2010. In planning and performing our audit, we considered internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements.

In performance of our audit, we noted the following matter that is presented for your consideration. We have discussed this issue with EAC officials.

**Required Supplementary Stewardship Information**

EAC did not report required supplementary stewardship information relating to the investments EAC made for non-federal property and research in fiscal year 2009. We determined during our current audit that EAC did not have and/or had not yet compiled data to enable the agency to report this investment information for 2010.

OMB Circular A-136, Financial Reporting Requirements, defines non-federal physical property investments as expenses incurred by the reporting entity for the purchase, construction or major renovation of physical property owned by state and local governments. The circular defines research investments as research and development investments as expenses incurred to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new or improved products and processes, with the expectation of maintaining or increasing national economic productive capacity or yielding other future benefits. The circular requires reporting these investments for five years.

EAC has provided billions of dollars in grant funding that were used for the purchase of nonfederal property, and has received funding for "Research on Voting Technology Improvements" in 2009 and 2010, totaling \$10 million.

In response to our concerns about the ability of the agency to meet these reporting requirements for 2010, EAC officials were able to gather sufficient information to enable the agency to estimate the investments made for non-federal property for the last three years. In addition, in a memorandum, dated November 5, 2010 (copy attached) EAC

officials advised that the agency will continue to explore ways to collect this information from states and grantees in order to report a full five year presentation in future years.

Since EAC officials took action to address this matter, we are not making any additional recommendations.

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

*Leon Snead & Company, P.C.*  
Leon Snead & Company, P.C.  
November 9, 2010



U.S. ELECTION ASSISTANCE COMMISSION  
1201 New York Ave. NW – Suite 300  
Washington, DC 20005

November 5, 2010

Memorandum

To: Arnie Garza,  
Assistant Inspector General for Audits

From: Donetta Davidson *Donetta Davidson*  
Chair, U.S. Election Assistance Commission

Subject: Fiscal Year 2010 Management Comments

The Election Assistance Commission (EAC) is in agreement with the one matter noted in the above referenced report.

1. Required Supplementary Stewardship Information - Non-federal property and research

Management was able to provide, based on reasonable estimates, non-federal property and research information for Fiscal Years 2007, 2008 and 2009 in the FY 2010 financial statements. Management will continue to explore additional ways to collect this information from the states and grantees in order to present a full five year presentation in future years.

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## **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.

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([eacoig@eac.gov](mailto:eacoig@eac.gov)).

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Office of Inspector General  
1201 New York Ave. NW - Suite 300  
Washington, DC 20005

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## **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  
1201 New York Ave. NW - Suite 300  
Washington, DC 20005

E-mail: [eacoig@eac.gov](mailto:eacoig@eac.gov)

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

FAX: 202-566-0957

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