



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

FINAL REPORT:

**Administration of Payments Received
Under the Help America Vote Act by the
New Jersey Department of State**

JANUARY 1, 2006 THROUGH JULY 31, 2010

**Report No.
E-HP-NJ-11-10
June 2011**



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

June 27, 2011

Memorandum

To: Thomas Wilkey
Executive Director

From: Curtis W. Crider *Curtis W. Crider*
Inspector General

Subject: Final Audit Report - Administration of Payments Received Under the Help America Vote Act by the New Jersey Department of State (Assignment Number E-HP-NJ-11-10)

We contracted with the independent certified public accounting firm of Clifton Gunderson LLP (Clifton Gunderson) to audit the administration of payments received under the Help America Vote Act (HAVA) by the New Jersey Department of State (DOS). The contract required that the audit be done in accordance with U.S. generally accepted government auditing standards. Clifton Gunderson is responsible for the attached auditor's report and the conclusions expressed therein.

In its audit of the DOS, Clifton Gunderson concluded that the DOS generally accounted for and expended HAVA funds in accordance with the HAVA requirements and complied with the financial management requirements established by the U.S. Election Assistance Commission. However, the audit disclosed that the DOS failed to maintain adequate property records over HAVA funded equipment, did not utilize formal solicitation procedures in accordance with federal regulations to purchase voting equipment, and did not deposit the appropriated state matching funds and interest earned on the match to the election account.

In its January 4, 2011, response to the findings and recommendations (Appendix A-1), and its May 2, 2011, response to the draft report (Appendix A-2), the DOS agreed with the report's audit results, and described the proposed actions to be taken, or that had been taken, to resolve the issues.

On May 2, 2011, the EAC response (Appendix A-3) indicated general agreement with the report findings and recommendations, and stated that they would work with the state to ensure corrective action.

We would appreciate being kept informed of the actions taken on our recommendations as we will track the status of their implementation. Please respond in writing to the finding and recommendation included in this report by August 29, 2011.

Your response should include information on actions taken or planned, targeted completion dates, and titles of officials responsible for implementation.

The legislation, as amended, creating the Office of Inspector General (5 U.S.C. § App.3) requires semiannual reporting to Congress on all audit reports issued, actions taken to implement audit recommendations, and recommendations that have not been implemented. Therefore, this report will be included in our next semiannual report to Congress.

If you have any questions regarding this report, please call me at (202) 566-3125.

PERFORMANCE AUDIT REPORT
ADMINISTRATION OF PAYMENTS RECEIVED
UNDER THE
HELP AMERICA VOTE ACT
BY THE
STATE OF NEW JERSEY

January 1, 2006 Through July 31, 2010

UNITED STATES ELECTION
ASSISTANCE COMMISSION

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**U.S. Election Assistance Commission
Performance Audit of the Administration of Payments Received Under the
Help America Vote Act by the State of New Jersey**

EXECUTIVE SUMMARY

Clifton Gunderson LLP was engaged by the U.S. Election Assistance Commission (EAC or the Commission) Office of Inspector General (OIG) to conduct a performance audit of the New Jersey Department of State (DOS) for the period January 1, 2006 through July 31, 2010 to determine whether the DOS used payments authorized by Sections 101, 102, and 251 of the Help America Vote Act of 2002 (HAVA or the Act) in accordance with HAVA and applicable requirements; accurately and properly accounted for program income and property purchased with HAVA payments and met HAVA requirements for Section 251 funds for an election fund and for a matching contribution. In addition, we were engaged to conduct a performance audit of the election fund receipts from June 16, 2003 to December 31, 2005.

EAC OIG conducted a performance audit of DOS' expenditures, but not the receipts of the HAVA program from inception through December 31, 2005, and issued a report dated September 18, 2006. We have reviewed DOS' corrective actions with respect to the findings and recommendations included in the EAC OIG report. We found that all recommendations have been implemented except for the maintenance of property records in accordance with the Common Rule, which is a repeat finding in this audit report.

Our audit did not include a determination that the DOS and its sub grantees met the requirements for maintenance of a base level of state outlays, commonly referred to as Maintenance of Expenditures (MOE). On June 28, 2010, the Commission issued a revised definitive policy on the requirements for the MOE. The policy included a provision that the states will have 12 months from the date of the revised policy to voluntarily submit a revised MOE plan to the EAC. Accordingly, our scope of audit did not include a determination of whether the DOS and its subgrantees met the requirements for MOE.

In addition, the Commission requires states to comply with certain financial management requirements, specifically:

- Comply with the *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments* (also known as the "Common Rule") as published in the Code of Federal Regulations 41 CFR 105-71.
- Expend payments in accordance with cost principles for establishing the allowance or disallowance of certain items of cost for federal participation issued by the Office of Management and Budget (OMB) in Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- Submit detailed annual financial reports on the use of Title I and Title II payments.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. Because of inherent limitations, a study and evaluation made for the limited purposes of our review would not necessarily disclose all weaknesses in administering HAVA payments.

Except for the failure to maintain adequate equipment/property maintenance records (property records), the failure to use formal solicitation procedures to purchase voting equipment and the failure to deposit the appropriated match and the interest earned on the match to the election account, as discussed below, our audit concluded that the DOS generally accounted for and expended HAVA funds in accordance with the requirements mentioned above for the period from January 1, 2006 through July 31, 2010. The exceptions needing the DOS's management attention are as follows:

- Property records for statewide voter registration system (SVRS) equipment purchased by the DOS and the voting equipment purchased by the counties we visited were not maintained in accordance with federal regulations.
- Formal solicitation procedures to purchase voting equipment in accordance with federal regulations were not utilized by the five counties we visited.
- The DOS did not deposit the appropriated match and the interest earned on the match to the election account.

We have included in this report as Appendix A-1 the DOS management's formal response to the findings and recommendations dated January 4, 2011, and as Appendix A-2 the formal response to the draft report dated May 2, 2011, which detailed further actions taken to resolve the interest question. Although we have included management's written responses to our notices of findings and recommendations, such responses have not been subjected to the audit procedures and, accordingly, we do not provide any form of assurance on the appropriateness of the responses or the effectiveness of the corrective actions described therein. DOS officials generally agreed with our recommendations, and provided corrective action.

The draft report, including the DOS responses, was provided to the Executive Director of the EAC for review and comment. The EAC responded on May 2, 2011, (Appendix A-3) and generally agreed with the report's findings and recommendations. The EAC stated that they would work with the DOS to gain additional information to enhance their understanding of the state's procurement process to ensure corrective action.

BACKGROUND

HAVA created the Commission to assist states and insular areas with the improvement of the administration of federal elections and to provide funds to states to help implement these improvements. HAVA authorizes payments to states under Titles I and II, as follows:

- Title I, Section 101 payments are for activities such as complying with Title III of HAVA for uniform and nondiscriminatory election technology and administration requirements, improving the administration of elections for federal office, educating voters, training election officials and poll workers, and developing a state plan for requirements payments.
- Title I, Section 102 payments are available only for the replacement of punch card and lever action voting systems.
- Title II, Section 251 requirements payments are for complying with Title III requirements for voting system equipment; and for addressing provisional voting, voting information, statewide voter registration lists, and voters who register by mail.

Title II also requires that states must:

- Have appropriated funds “equal to 5 percent of the total amount to be spent for such activities [activities for which requirements payments are made].” [Section 253(b) (5)].
- “Maintain the expenditures of the state for activities funded by the [requirements] payment at a level that is not less than the level of such expenditures maintained by the state for the fiscal year ending prior to November 2000.” [Section 254(a) (7)].
- Establish an election fund for amounts appropriated by the state “for carrying out the activities for which the requirements payment is made,” for the federal requirements payments received, for “such other amounts as may be appropriated under law,” and for “interest earned on deposits of the fund.” [Section 254(b)(1)].

AUDIT OBJECTIVES

The objectives of our audit were to determine whether the New Jersey Department of State:

1. Used payments authorized by Sections 101, 102, and 251 of HAVA in accordance with HAVA and applicable requirements;
2. Accurately and properly accounted for property purchased with HAVA payments and for program income;
3. Met HAVA requirements for Section 251 funds for an election fund and for a matching contribution except for the requirements for maintenance of a base level of state outlays, commonly referred to as Maintenance of Expenditures (MOE). On June 28, 2010, the Commission issued a revised definitive policy on the requirements for the MOE. The policy included a provision that the states will have 12 months from the date of the revised policy to voluntarily submit a revised MOE plan to the EAC. Accordingly, our scope of audit did not include a determination of whether the DOS and its subgrantees met the requirements for MOE.

In addition, to accounting for HAVA payments, the Act requires states to maintain records that are consistent with sound accounting principles that fully disclose the amount and disposition of the payments, that identify the project costs financed with the payments and other sources, and that will facilitate an effective audit. The Commission requires states receiving HAVA funds to comply with certain financial management requirements, specifically:

1. Comply with the *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments* (also known as the “Common Rule”) as published in the Code of Federal Regulations at 41 CFR 105-71.
2. Expend payments in accordance with cost principles for establishing the allowance or disallowance of certain items of cost for federal participation issued by the OMB.
3. Submit detailed annual financial reports on the use of Title I and Title II payments.¹

¹ EAC requires states to submit annual reports on the expenditure of HAVA Sections 101, 102, and 251 funds. Through December 31, 2008, for Sections 101 and 102, reports were due on February 28 for the activities of the previous calendar year, and, for Section 251, reports were due by March 30 for the activities of the previous fiscal year ending on September 30. Beginning in calendar year 2009, all reports will be effective as of September 30, 20XX for the fiscal year ended that date and will be due by December 31, 20XX.

SCOPE AND METHODOLOGY

We audited the HAVA funds received from June 16, 2003 through July 31, 2010 and disbursed from January 1, 2006 through July 31, 2010.

Funds received and disbursed by the HAVA program from June 16, 2003 (inception), through July 31, 2010 (86-month period) are shown in the following table:

TYPE OF PAYMENT	FUNDS RECEIVED					FUNDS DISBURSED	DATA AS OF
	EAC PAYMENT	PROGRAM INCOME	STATE MATCH	INTEREST EARNED	TOTAL AVAILABLE		
Section 101	\$ 8,141,208	\$ 0	\$ 0	\$ 699,488	\$8,840,696	\$8,161,917	7/31/2010
Section 102	8,695,609	0	0	0	8,695,609	8,695,609	7/31/2010
Section 251	68,067,586	0	3,582,474	5,589,716	77,239,776	59,727,116	7/31/2010
Total	<u>\$84,904,403</u>	<u>\$ 0</u>	<u>\$3,582,474</u>	<u>\$6,289,204</u>	<u>\$94,776,081</u>	<u>\$76,584,642</u>	7/31/2010

Our audit methodology is set forth in Appendix B.

AUDIT RESULTS

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. Because of inherent limitations, a study and evaluation made for the limited purposes of our review would not necessarily disclose all weaknesses in administering HAVA payments.

Except for the maintenance of adequate property records, the failure to use formal solicitation procedures to purchase voting equipment and the failure to deposit the appropriated match and the interest earned on the match to the election account, our audit concluded that the DOS generally accounted for and expended HAVA funds in accordance with the requirements mentioned above. The DOS has taken action on or is working to resolve the exceptions described below as set forth in Appendix A:

I. Property Records

The property listings of the DOS's SVRS equipment, and the voting equipment records of each of the five counties we visited, did not conform to the requirements of 41 CFR 105-71.132 (d)(1) (the Common Rule). The property records did not include required elements such as a description of the property, the source of property, who holds the title, acquisition date, cost, percentage of federal participation in the cost of the property, use and condition of the property, and any ultimate disposition data.

The *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments* 41 CFR § 105-71.132(d)(1), referred to as the Common Rule, states that:

property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds the title, the acquisition date, cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. The Common Rule, 41 CFR § 105-71.132(d)(3), also requires that a control system must be developed to ensure adequate safeguards to prevent loss, damages or theft of the property.

The *State Code of New Jersey Circular Letter* Number 91-32-OMB (Circular) requires additional information to be provided on property records such as the organization unit charged with custody of the equipment.

DOS election officials informed us that they were not aware of the detailed recordkeeping requirements of the Common Rule and the Circular.

Recommendation:

1. We recommend that the DOS ensure that the HAVA property records of the DOS and the counties include the minimum information required by the Common Rule and the Circular.

DOS's Response:

The DOS officials concurred with the finding and recommendation and stated that they will modify the property records with the additional data fields for assets purchased with HAVA funds to meet the minimum requirements of the Common Rule and the Circular.

II. Sole Source Procurement

Each of the five counties we visited did not use formal solicitation procedures to purchase voting equipment during calendar years 2004 and 2005. The five counties used sole source procurement to negotiate contracts totaling \$22,693,982. Sole source procurement is not in accordance with the requirements of 41 CFR 105-71.136(a) of the Common Rule.

The DOS and the Superintendent of Elections at each of the counties told us that they believed they were exempt from procurement regulations which require competitive bidding procedures under New Jersey Statute 40A:11-5(1)(l).

The New Jersey Statute in effect at the time these purchases were made at Chapter 40A:11-5 *Contracts Required to Be Advertised, Disqualification of Bidder, Exceptions*, Section (1)(l) states that:

Exceptions. Any contract the amount of which exceeds the bid threshold, may be negotiated and awarded by the governing body without public advertising for bids and bidding therefore and shall be awarded by resolution of the governing body if:

(1) The subject matter thereof consists of:

(l) Those goods and services necessary or required to prepare and conduct an election.

The counties may not have obtained the best pricing for the voting machine equipment.

The *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments* (Common Rule) located at 41 CFR 105-71.136(a) requires:

“(a) States. When procuring property and services under a grant, a State will allow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.”

Paragraphs (b) through (i) of section 136 contain procurement standards and requirements for full and open competition, for affirmative steps to assure that minority firms, women’s business enterprises, and labor surplus area firms are used when possible, and for cost and pricing analysis.

Recommendations:

We recommend that:

2. The EAC work with the DOS to resolve the questioned costs.
3. The DOS adopt policies and procedures to assure that the counties are aware of and follow all applicable procurement policies prior to reimbursing them for HAVA expenditures.

DOS’s Response:

The DOS officials stated that the County Election Boards and Superintendents of Elections while purchasing voting equipment during calendar years 2004 and 2005 did review equipment alternatives to insure the voting machines were reliable and the best choice at the time. The counties did not formally bid the equipment due to New Jersey Statute 40A:11-5(1)(l), which exempts goods or services necessary or required to prepare and conduct an election from bidding. For future procurements all efforts will be made to obtain bids or use state contracts.

III. Interest on State Match

New Jersey established an election account to hold HAVA funds in accordance with the requirements of HAVA, Section 254(b)(1). HAVA also requires the election account to hold the five percent state matching funds. Furthermore, interest earned from the investment of the monies must also be deposited into the election account. The timely deposit of interest earnings produces a compounding effect that adds additional funds to the program.

New Jersey received installments of \$24,358,479 and \$43,709,107 in Section 251 funds on September 14, 2004 and April 19, 2005, respectively. New Jersey’s matching requirement was \$1,282,025 and \$2,300,479, which was appropriated for the fiscal years ended June 30, 2004 and 2005, respectively. The unexpended balance of the state matching funds as of July 31, 2010 was determined to be \$2,718,402. While the state appropriated the matching funds timely, the state did not deposit the required match in the election account. Therefore, the interest earned on the match of \$443,961 was also not deposited to the election account. Furthermore, until the state transfers this interest into the election account, the interest due to the account increases for additional interest. We calculated that additional interest of \$4,092 should be deposited into the election account as of October 31, 2010.

We estimate that as of October 31, 2010, \$448,053 of earned interest was not available for HAVA program activities.

HAVA Section 254(b) (1) requires that the following monies be deposited into the state's election account:

- A. Amounts appropriated or otherwise made available by the State for carrying out the activities for which the requirements payment is made to the State under this part (the State matching requirement of five percent of the federal HAVA Section 251 funds).
- B. The requirements payment made to the State (the federal HAVA Section 251 funds).
- C. Such other amounts as may be appropriated under law.
- D. Interest earned on deposits of the fund.

Recommendation:

- 4. We recommend that the New Jersey treasurer transfer the unexpended appropriated matching funds, \$2,718,402, and the \$443,961 of interest owed to the election account for the period from September 2004 through July 2010, plus the additional compounded interest of \$4,092 as of October 31, 2010 and any additional compounded interest owed through the date of the transfer.

DOS's Response:

In their response to the draft report (Appendix A-2), the DOS officials described the actions that were taken to implement the recommendation.

We provided a draft of our report to the appropriate individuals of the New Jersey DOS and the EAC. We considered any comments received prior to finalizing this report.

The EAC responded on May 2, 2011 and generally agreed with the report's findings and recommendations. The EAC stated that they would work with the DOS to gain additional information to enhance their understanding of the state's procurement process to ensure corrective action. The EAC's complete response is included as Appendix A-3

CG performed its work between August 16, 2010 and September 17, 2010.

Clifton Henderson LLP

Calverton, Maryland
February 15, 2011



State of New Jersey
DEPARTMENT OF STATE
TRENTON, NJ 08625
(609) 984-1900

CHRIS CHRISTIE
Governor

LT. GOVERNOR KIM GUADAGNO
Secretary of State

January 4, 2011

Mr. Curtis W. Crider
Inspector General
U.S. Election Assistance Commission
1201 New York Ave. NW – Suite 300
Washington, DC 20005

VIA-Email

Dear Mr. Crider,

Enclosed please find our responses to the Notice of Finding and Recommendations (NFR) for the recent audit of the period ending July 31, 2010.

NFR #1 – Property Records

Voting Machines were purchased by the 21 counties in New Jersey. Each county has the responsibility for physical security and property accountability of their assets. The Division of Elections did verify the voting machines and other assets were physically at the county Election Offices and were in agreement with the inventory listings to fully comply with the Federal common rule, the Department of State, Division of Elections will modify the property inventory with all the additional data fields for assets purchased with HAVA funding.

NFR #2 – Sole Source Procurement

The County Election Boards and Superintendents of Elections while purchasing voting equipment during calendar years 2004 and 2005 did review equipment alternatives to insure the voting machines were reliable and the best choice at that time. The Counties did not formally bid the equipment due to NJ State Statute 40A: 11-5(1) (1), which exempts good or services necessary or required to prepare and conduct an election from bidding. For future procurements all efforts will be made to obtain bids or use state contracts.

NFR #3 – Interest on State Match

The NJ Department of State after receiving the HAVA program from the NJ Department of Law and Public Safety was unaware of the requirement to have interest from the state match credited into the HAVA program. We are currently working with the NJ Department of Treasury to rectify this situation.

NFR #4 – Financial Accounting and Reporting ← **Finding Resolved and Closed**

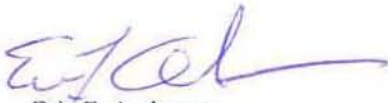
~~The detailed ledger print outs utilized by the New Jersey Department of State to prepare and formulate the worksheets, capturing the HAVA financial activities, are drawn directly from the state's central accounting system, the New Jersey Comprehensive Financial System (NJCFS). These excel ledger print outs (Business Objects Reports) are the very same records and accounting data maintained/utilized by the State of New Jersey Office of Management and Budget. There are no separate accounts maintained so no reconciliation is necessary.~~

~~All HAVA funds have been issued by their own designated account, with individual reporting categories (secondary budget levels) assigned to distinguish between 251 and 101 to ensure that all disbursements and program income are properly recorded and accounted for in the state's accounting records.~~

~~In order to demonstrate this, we have attached detailed pdf reports, unaltered and printed directly from NJCFS, the account managed by the State of New Jersey Office of Management and Budget, which coincide with the detailed ledger print outs (excel spreadsheets) utilized by the New Jersey Department of State to prepare and formulate the worksheets.~~

~~If you have any questions regarding our responses, please contact me at (609) 341-2741 or eric.anderson@sos.state.nj.us.~~

Sincerely,



Eric F. Anderson
Chief Financial Officer

Enclosures

Cc: NJ Division of Elections



STATE OF NEW JERSEY
DEPARTMENT OF STATE
TRENTON, NJ 08625
(609) 984-1900

CHRIS CHRISTIE
Governor

LT. GOVERNOR KIM GUADAGNO
Secretary of State

Mr. Curtis W. Crider
Inspector General
U.S. Election Assistance Commission
1201 New York Ave. NW – Suite 300
Washington, DC 20005

VIA-Email

May 2, 2011

Dear Mr. Crider,

Enclosed please find our comments to the draft report “*Performance Audit Report – Administration of Payments Received Under the Help America Vote Act by the State of New Jersey*” dated February 15, 2011.

1. Property Records

2. Sole Source Procurement

3. Interest on State Match

New Jersey established an election account to hold HAVA funds in accordance with the requirements of HAVA, Section 254(b) (1). HAVA also requires the election account to hold the five percent state matching funds. Furthermore, interest earned from the investment of the monies must also be deposited into the election account. The timely deposit of interest earnings produces a compounding effect that adds additional funds to the program.

Recommendation by EAC

We recommend that the New Jersey treasurer transfer the unexpended appropriated matching funds, \$2,718,402, and the \$443,961 of interest owed to the election account for the period September 2004 through July 2010, plus additional compounded interest of \$4,092 as of October 31, 2010 and additional compounded interest owed through the date of the transfer.

DOS Response

DOS in cooperation with the NJ Department of Treasury as rectified all interest and has moved all interest to a specified account.

If you have any questions regarding our responses, please contact me at (609) 341-2741 or eric.anderson@sos.state.nj.us.

Sincerely,

Eric F. Anderson
Chief Financial Officer



EAC RESPONSE TO THE DRAFT AUDIT:

OIG Performance Audit Report on the Administration of Payments Received Under the Help America Vote Act by the State of New Jersey, for the Period January 1, 2006 Through July 31, 2010.

May 2, 2011

MEMORANDUM

To: Curtis Crider
Inspector General

From:  Thomas Wilkey
Executive Director

Subject: Draft Performance Audit Report – “Administration of Payments Received Under the Help America Vote Act by the State of New Jersey”.

Thank you for this opportunity to review and respond to the draft audit report for New Jersey.

The Election Assistance Commission (EAC) has reviewed the preliminary audit results and recommendations. While we generally concur with the findings, we will work with the New Jersey Department of State to gather additional information to enhance our understanding of the state’s procurement process to ensure appropriate corrective action.

AUDIT METHODOLOGY

Our audit methodology included:

- Assessing audit risk and significance within the context of the audit objectives.
- Obtaining an understanding of internal control that is significant to the administration of the HAVA funds.
- Understanding relevant information systems controls as applicable.
- Identifying sources of evidence and the amount and type of evidence required.
- Determining whether other auditors have conducted, or are conducting, audits of the program that could be relevant to the audit objectives.

To implement our audit methodology, below are some of the audit procedures we performed:

- Interviewed appropriate DOS employees about the organization and operations of the HAVA program.
- Reviewed prior single audit report and other reviews related to the state's financial management systems and the HAVA program for the last four years.
- Reviewed policies, procedures and regulations for the DOS's management and accounting systems as they relate to the administration of HAVA programs.
- Analyzed the inventory lists of equipment purchased with HAVA funds.
- Tested major purchases and supporting documentation.
- Tested randomly sampled payments made with the HAVA funds.
- Verified support for reimbursements to local governments (counties, cities, and municipalities).
- Reviewed certain state laws that impacted the election account.
- Examined appropriations and expenditure reports for state funds used to meet the five percent matching requirement for section 251 requirements payments.
- Evaluated compliance with the requirements for accumulating financial information reported to the Commission on the financial status reports, Forms SF-269 and 425, accounting for property, purchasing HAVA related goods and services, and accounting for salaries.
- Verified the establishment and maintenance of an election account.
- Conducted site visits of selected counties to observe physical security/safeguard of equipment purchased with HAVA funds and to test for proper accounting and documentation

MONETARY IMPACT AS OF JULY 31, 2010

<i>Description</i>	<i>Questioned Costs</i>	<i>Additional Funds for Program</i>
Interest on State Matching Funds	\$0	\$448,053 ²
Sole Source Procurement	\$22,693,982 ³	\$0
Totals	<u>\$22,693,982</u>	<u>\$448,053</u>

² The interest total above is the estimated amount due the election fund through October 31, 2010. An undetermined additional amount will be due for the period from November 1, 2010 to the date it is transferred to the election fund.

³ The questioned costs indicated above for sole source procurement is only for the five (5) counties we visited. A determination was not made for the remaining six (6) counties as to whether they used formal solicitation procedures to purchase their voting equipment. Therefore, there may be additional questioned costs related to sole source procurement.

OIG's Mission

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

E-mail: eacoig@eac.gov

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

FAX: 202-566-0957

