



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

**FINAL REPORT:**

***Administration of Payments  
Received Under the Help America Vote  
Act by the Montana Secretary of State***

**JUNE 5, 2003 THROUGH SEPTEMBER 30, 2009**

**Report No.  
E-HP-MT-02-10  
September 2010**



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

September 28, 2010

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 Montana Secretary of State (Assignment Number E-HP-MT-02-10)

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 Montana Secretary of State (SOS). 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 SOS, Clifton Gunderson concluded that, except for the maintenance of adequate property records, financial reporting errors, lack of approval for capital expenditures and failure of selected counties to accrue interest on idle HAVA funds, the audit concluded that SOS generally accounted for and expended HAVA funds in accordance with the requirements mentioned above for the period from June 5, 2003 through September 30, 2009.

In her July 12, 2010 responses (Appendix A-1), the SOS agreed with the report's finding and recommendations, and provided corrective action. The SOS' technical comments were incorporated into the report as appropriate. Also, we have included in the report the EAC response to the draft report (Appendix A-2), dated August 13, 2010, which indicated that the EAC would work with the Montana SOS to resolve the issue involving capital improvements.

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 November 30, 2010. 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 MONTANA**

**June 5, 2003 Through September 30, 2009**

**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 Montana**

**EXECUTIVE SUMMARY**

Clifton Gunderson LLP was engaged by the U.S. Election Assistance Commission (EAC or the Commission) Office of Inspector General to conduct a performance audit of the Montana Secretary of State (SOS) for the period June 5, 2003 through September 30, 2009 to determine whether the SOS 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 property purchased with HAVA payments and for program income, and met HAVA requirements for Section 251 funds for an election fund and for a matching contribution. We did not include a determination of whether the SOS and its subgrantees met the requirements for maintenance of a base level of state outlays because the Commission is reviewing its guidance on the applicability of the maintenance of a base level of state outlays to the SOS's subgrantees.

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.
- 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 maintenance of adequate property records, financial reporting errors, lack of approval for capital expenditures and failure of selected counties to accrue interest on idle HAVA funds, as discussed below, our audit concluded that SOS generally accounted for and expended HAVA funds in accordance with the requirements mentioned above for the period from June 5, 2003 through September 30, 2009. The exceptions needing SOS's management attention are as follows:

- Inventory listings of voting and SVRS equipment did not conform to the requirements of 41 C.F.R. 105-71.132 (d) (1), (the Common Rule) at the seven counties we visited or in

the SOS offices. The listings did not include required elements such as use, condition or the federal, state, or county percentage of ownership.

- Fund balances reported on the state's Financial Status Reports, SF 269, did not reconcile with balances in the election fund maintained in the state's treasury.
- At three of the seven counties we visited there were undisbursed HAVA funds, which had been held in the county treasuries for 15 to 48 months. The subject counties did not deposit interest earned on these funds into an election fund for use of HAVA approved activities.
- Counties used HAVA funds to construct steel cages to house voting equipment, and to pave parking lots, build wheelchair ramps and install sliding doors in order to improve handicap accessibility. Federal regulations require that grantees obtain prior approval for all capital improvements made with grant funds.

We have included in this report as Appendix A-1 the SOS management's formal response to the draft audit report dated July 12, 2010. 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. The SOS officials agreed with our recommendations and provided corrective action.

The draft report, including the SOS responses, was provided to the Executive Director of the EAC for review and comment. The EAC generally agreed with the report's reviews and recommendations as well as the Montana officials initial responses. The EAC's complete response is included as Appendix A-2.

## **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 Montana Secretary 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. We did not determine whether the SOS met the requirement for maintenance of a base level of state outlays, because the Commission is reviewing its guidance on the applicability of the maintenance of a base level of state outlays to subgrantees of the SOS.

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.<sup>1</sup>

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<sup>1</sup> 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 and disbursed by the SOS from June 5, 2003 through September 30, 2009 (78-month period) as shown in the following table:

| TYPE OF PAYMENT | EAC PAYMENT  | FUNDS RECEIVED |                |                 | TOTAL AVAILABLE | FUNDS DISBURSED | DATA AS OF |
|-----------------|--------------|----------------|----------------|-----------------|-----------------|-----------------|------------|
|                 |              | PROGRAM INCOME | STATE MATCH    | INTEREST EARNED |                 |                 |            |
| Section 101     | \$ 5,000,000 | \$ 0           | \$ 0           | \$ 570,969      | \$5,570,969     | \$3,652,632     | 9/30/2009  |
| Section 102     | 0            | 0              | 0              | 0               | 0               | 0               | 9/30/2009  |
| Section 251     | 12,671,803   | 0              | 0 <sup>2</sup> | 412,252         | 13,084,055      | 11,727,931      | 9/30/2009  |
| Total           | \$17,671,803 | \$ 0           | \$0            | \$983,221       | \$18,655,024    | \$15,380,563    | 9/30/2009  |

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, financial reporting errors, lack of approval for capital expenditures, failure of selected counties to accrue interest on idle HAVA funds, and the determination of whether the SOS and its subgrantees met the requirement for maintenance of a base level of state outlays which were specifically omitted from our scope of work as explained above, our audit concluded that the SOS generally accounted for and expended HAVA funds in accordance with the requirements mentioned above. The SOS has taken action on or is working to resolve the exceptions described below as set forth in Appendix A-1:

### I. Property Records

The equipment inventory listings provided to us by the State of Montana Office of the Secretary of State (SOS) and each of the seven counties we visited did not contain the minimum information to properly identify and account for property as prescribed by federal regulations. We noted for each county we visited, the listings included a description of the equipment, serial number and the location, but not the other required elements such as use, condition and the federal, state or county percentage of ownership. Inventory records for the State Voter Registration System held by the SOS also did not contain all of the required elements. As a result, there is no assurance that the accounting records accurately reflect the HAVA equipment controlled by the SOS and the counties.

<sup>2</sup> Montana did not deposit its state match into the election fund. Instead, it considered state and county expenditures as satisfying its state match. Although these expenditures were made after the state match was due, total expenditures exceeded the total of the match and interest on the match had it been made timely.

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.

SOS election officials informed us that in 2009 staff reviewed the Common Rule and were working on bringing records prepared by previous administrations into compliance with the Rule.

**Recommendation:**

1. We recommend that the SOS ensure that the property records at both the state and county level include the minimum information required by the Common Rule, and implement a procedure to ensure that the counties report changes in equipment listing to the SOS.

**SOS's Response:**

The SOS concurred with the recommendation and stated that the inventory control records for electronic voting equipment prepared by previous administrations had been revised to include the required minimum information to be compliant with federal requirements. They also indicated that guidance had been issued to county election officials to ensure that federal requirements are followed and changes to the equipment listing are reported to the SOS.

**II. Financial Accounting and Reporting**

The Elections Office was not able to reconcile its records of the HAVA funds with the state treasurer's records. The Elections Office uses its records to report to EAC. We noted differences between the Elections Office's records as reported on the Financial Status Reports (SF 269) and the Montana State Accounting Budget and Human Resources System (SABHRS). As of December 31, 2008 the SABHRS Section 101 Fund Balance was \$2,002,290 compared to the SF 269 balance of \$1,948,837, a difference of \$53,453. Also, as of September 30, 2008 the SABHRS Section 251 Fund Balance was \$905,480 compared to the SF 269 Fund Balance of \$904,069, a difference of \$1,411.

HAVA receipts and expenditures were comingled in the state's accounting system through September 30, 2007, and were not individually coded as Section 101 and 251 funds. In preparing the Financial Status Report, SF 269, it was necessary for the staff to evaluate the entries in the accounting records for allocation to the appropriate fund, utilizing Excel worksheets to accumulate HAVA data for tracking purposes. As of December 31, 2008 and September 30, 2008, the accounting data utilized by the election office to account for HAVA financial activity did not reconcile to the election fund balances provided by the Elections Office from the state's accounting system. Thus, the accuracy of the Financial Status Reports, Form 269, filed with the EAC prior to 2009 is in question.

In addition, at the date we concluded our fieldwork, the September 30, 2009 balances were not reconciled; however, the Federal Financial Reports (SF 425) for 9/30/09, submitted to EAC subsequent to our fieldwork, were reconciled with the State Treasurer's records.

HAVA Section 902. AUDITS AND REPAYMENT OF FUNDS, Part (a) – Recordkeeping Requirement requires that each recipient of a grant or other payment made under this Act shall keep such records with respect to the payment as are consistent with sound accounting principles, including records which fully disclose the amount and disposition by such recipient of funds, the total cost of the project or undertaking for which such funds are used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

**Recommendations:**

We recommend that the Montana Secretary of State:

2. Improve internal controls over the accounting and reporting of HAVA financial activities to the EAC. For example, all financial reports should be reviewed and signed by an SOS official other than the preparer indicating concurrence with the data. Excel spreadsheets of HAVA expenditures should also be updated and reconciled to SABHRS at least monthly.
3. Coordinate with EAC to determine whether previously submitted financial status reports should be revised and re-submitted.

**SOS's Response:**

The SOS concurred with our recommendations and stated that Elections Office staff was not able to reconcile its records of the HAVA funds with the state treasurer's records due to funds not being set up properly and accounted for properly in the state accounting system. There were also large lump-sum transfers between the HAVA fund and the enterprise fund by a previous administration, that was not easily tracked to specific invoices.

The SOS also stated that the current administration has done a complete reorganization of the SOS Fiscal Services Division, including bringing on a Chief Financial Officer with federal program and accounting experience, including expertise to oversee all fiscal activity and reporting. The SOS further stated that turnover in staff from previous administrations, and many different staff preparing reports, resulted in inconsistencies and non-reconciliation of HAVA financial reports with the state accounting system. The SOS advised that the reporting process was modified to have the Chief Financial Officer prepare the financial reports and the Deputy for Elections review and sign the reports, indicating concurrence with the data as compiled by the CFO.

Also, the EAC has been contacted regarding amendments to previously submitted financial status reports and the reports submitted for fiscal year 2009 have been updated to reflect adjustments to previously submitted reports according to discussions with the EAC.

**III. Subgrants to Counties**

The state did not execute formal written agreements with counties prior to disbursing HAVA funds. Counties were notified by email or other written correspondence of the purpose of HAVA funds awarded to them. However, counties were not advised of federal requirements for prompt expenditure of these funds and to maintain the funds in interest bearing HAVA accounts. We found that three counties we visited had maintained undisbursed HAVA advances for 15 to 48

months at the time of our audit, totaling approximately \$14,500, that were deposited in non-interest bearing accounts. As a result, these funds did not accrue interest which could be used for future HAVA activities.

Staff of the SOS told us they were not aware of this requirement.

Federal regulations at 41 CFR 105-71.137(a) require that states shall ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations, that subgrantees are aware of requirements imposed upon them by federal statute and regulations and conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by federal agencies.

### **Recommendations:**

We recommend that the Montana Secretary of State:

4. Survey all counties to determine the extent to which unspent advances are being held and require the counties to either return unneeded funds or to deposit the funds into interest bearing accounts;
5. Execute subgrant agreements with counties for any future HAVA advances, which detail all applicable federal requirements, and require that any HAVA funds advanced to the counties be deposited into an election fund which accrues interest to be used for HAVA related activities;
6. Require counties holding unspent HAVA funds to determine the interest earnings lost during the period funds have been held and reimburse the election funds for this lost interest, and ensure that any funds repaid to the state include interest earnings.

### **SOS's Response:**

The SOS concurred with our recommendations and stated that although grant applications for polling place accessibility improvements contained information that the project must be completed within six months of receiving funding, counties were not specifically advised of federal requirements for prompt expenditure of these funds and to maintain the funds in interest bearing HAVA accounts

The SOS also said that previous administrations had information on the application for polling place accessibility grants stating that the project must be completed within six months, and each county signed the application. They further advised that the current administration was ensuring compliance by issuing a subgrant agreement to each county applying for HAVA project funding, and SOS staff was monitoring expenditures made to ensure no unspent funds remained at the county level once a project is completed.

Specifically the SOS said that:

- 1) They have surveyed counties and requested them to supply information about any unspent HAVA funds, and indicated the SOS would issue guidance, accordingly;

- 2) They had created and are providing subgrant agreements advising recipients of the federal cash management requirements;
- 3) They investigated unspent HAVA funds held by the counties and are working with any counties holding funds to determine and monitor repayment of lost interest.

#### **IV. Approval of Capital Expenditures**

The state provided grants to its counties for improving security of voting equipment and polling place accessibility, and counties used some of these funds to make capital improvements such as building cages to store voting equipment, paving parking lots, constructing handicap accessible ramps, and installing automatic sliding doors. According to SOS officials the state did not request approval for these capital improvements from the Election Assistance Commission. The state provided a total of \$832,467 in polling place accessibility grants to its counties. However, we could not determine how much of these distributions were used for capital improvements subject to EAC pre-approval.

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, Attachment B, Section 15 (b)(3) states that capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.

#### **Recommendation:**

7. The state should conduct a survey of all counties to determine which counties used security and polling place accessibility grants to make unapproved capital expenditures and submit this information to EAC for resolution.

#### **SOS's Response:**

The SOS concurred with our recommendation and said that the state had not requested approval of these capital improvements, because the grants were under \$5,000 each, and the state considered \$5,000 and over to be the threshold for a project to be considered a capital improvement needing prior approval, and because indication from the Commission seemed to confirm the \$5,000 threshold.

The SOS concurred with the recommendation, even though prior guidance from the Commission had indicated that any grants under \$5,000 were not considered capital improvements and therefore not subject to preapproval. The SOS stated that they would review all security and polling place grants to determine if any grants were made for capital improvements. They will compile and submit information to the EAC for consideration and resolution, and will request pre-approval from the EAC for any future grants made for polling place accessibility or security capital improvements.

#### **Auditor's Response:**

OMB Circular A-87 does not reference a \$5,000 threshold for capital expenditures. It states only that capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval

of the awarding agency. A determination of whether a specific capital expenditure materially increases the value or useful life of the asset should be based on assessment of the impact of each expenditure and not on its dollar value.

\*\*\*\*\*

We provided a draft of our report to the appropriate individuals of the Montana Secretary of State, and the United States Election Assistance Commission. We considered any comments received prior to finalizing this report.

The draft report was provided to the Executive Director of the EAC for review and comment. The EAC generally agreed with the report's reviews and recommendations as well as the Montana officials initial responses. The EAC's complete response is included as Appendix A-2.

CG performed its work between November 9, 2009 and December 16, 2009.

*Clifton Henderson LLP*

Calverton, Maryland  
March 8, 2010



**MONTANA SECRETARY OF STATE**

**LINDA McCULLOCH**

July 12, 2010

Curtis Crider, Inspector General  
U.S. Election Assistance Commission  
1201 New York Avenue NW – Suite 300  
Washington, DC 2005

Dear Curtis:

Please find attached our comments to the draft Montana HAVA audit report. Our comments are tracked for ease of review by your office.

Please let me know if you have any questions, or if you need further information regarding our comments.

Sincerely,

  
10 Linda McCulloch  
Montana Secretary of State



## **Clifton Gunderson's Comment on the Secretary of State's Response**

The response letter from Ms Linda McCulloch, Montana's Secretary of State, as noted above, included an edited version of the draft audit report provided the state, which is not included in its entirety, since much of it duplicates the information in this report. However, we considered the comments cited in the response, and incorporated them into this final report where we considered them to be clarifications of previously reported information.

The SOS responses included with the findings and recommendations, beginning on page 4 of this report, reflect the official positions of the SOS as set forth in the edited draft report.



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**EAC RESPONSE TO THE DRAFT AUDIT:**

*Original Performance Audit Report on the Administration of Payments Received Under the Help America Vote Act by the State of Montana, for the Period June 5, 2003 Through September 30, 2009*

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**MEMORANDUM**

August 13, 2010

To: Curtis Crider  
Inspector General

From:  Thomas Wilkey  
Executive Director

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

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Thank you for the opportunity to review and respond to the draft audit report for Montana.

After a preliminary review of the draft report, the Election Assistance Commission (EAC) has no significant concerns. We generally agree with the results of your review and recommendations as well as Montana’s initial responses.

Regarding finding IV, Approval of Capital Expenditures, EAC notes that for an expenditure to qualify as a capital expenditure under OMB Circular A-87, the expenditure must *materially* increase the value or useful life of a building or structure.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, Section 15 (b)(3) states that capital expenditures for improvements to land, buildings, or equipment which *materially increase their value or useful life* are unallowable as a direct cost except with the prior approval of the awarding agency.

EAC will use this standard as we work with the Montana Secretary of State to determine whether capital improvements were made and whether EAC pre-approval was necessary.

**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 SOS 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 2 years.
- Reviewed policies, procedures and regulations for the SOS'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 fund.
- Examined appropriations and expenditure reports for state funds used to maintain the level of expenses for elections at least equal to the amount expended in fiscal year 2000 and 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, Form SF-269, accounting for property, purchasing HAVA related goods and services, and accounting for salaries.
- Verified the establishment and maintenance of an election fund.

- Conducted site visits of selected counties to perform the following:
  - Observe equipment purchased with HAVA funds for proper accounting and safeguarding
  - Ensure compliance with HAVA and the Uniform Administrative Requirements for Grants and Cooperative Agreement with State and Local Governments, 41 CFR § 105-71.

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***MONETARY IMPACT AS OF SEPTEMBER 30, 2009***

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| <b><i>Description</i></b>   | <b><i>Questioned<br/>Costs</i></b> | <b><i>Additional Funds for<br/>Program</i></b> |
|---|------------------------------------|--|
| Unreported HAVA funds on the annual<br>Financial Status Reports, SF 269 |                                    | \$54,864                                       |
|   | \$0                                | \$54,864                                       |

Note: There are also additional funds for the program from interest earnings on undisbursed HAVA funds held by the counties; however, the total amount due has not been determined.

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

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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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