



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

FINAL REPORT:

**Administration of Payments Received
Under the Help America Vote Act by the
Pennsylvania Bureau of Commissions,
Elections and Legislation**

JANUARY 1, 2006 THROUGH JULY 31, 2010

**Report No.
E-HP-PA-10-10
May 2011**



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

May 6, 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 Pennsylvania Bureau of Commissions, Elections and Legislation (Assignment Number E-HP-PA-10-10)

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 Pennsylvania Bureau of Commissions, Elections and Legislation (BCEL). 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 BCEL, Clifton Gunderson concluded that the BCEL 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 BCEL failed to maintain adequate property records over HAVA funded equipment, possessed unexpended Section 102 funds after the deadline and lacked certifications for payroll expenditures.

In its December 8, 2010, response to the draft report (Appendix A-1), the BCEL agreed with the report's findings and recommendations, which they confirmed in a March 23, 2011 response to the draft report (Appendix A-2).

On April 7, 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 July 6, 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
COMMONWEALTH OF PENNSYLVANIA

January 1, 2006 Through July 31, 2010

UNITED STATES ELECTION
ASSISTANCE COMMISSION

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
BACKGROUND.....	2
AUDIT OBJECTIVES	3
SCOPE AND METHODOLOGY	4
AUDIT RESULTS	4
APPENDICES	
Appendix A-1: Secretary of State Response to Audit Results.....	8
Appendix A-2: Secretary of State Response to Draft Report.....	10
Appendis A-3: U. S. Election Assistance Commission Response to Audit Results	13
Appendix B: Audit Methodology.....	14
Appendix C: Monetary Impact as of July 31, 2010.....	16

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

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 Commonwealth of Pennsylvania Bureau of Commissions, Elections and Legislation (BCEL) for the period January 1, 2006 through July 31, 2010 to determine whether the BCEL 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. In addition, we were engaged to conduct a performance audit of the election fund receipts from April 15, 2003 to December 31, 2005.

The EAC OIG conducted a performance audit of BCEL's expenditures, but not the receipts, of the HAVA program from inception through December 31, 2005, and issued a report dated January 10, 2007. We have reviewed BCEL's corrective actions with respect to the findings and recommendations included in the EAC OIG report. We found that the recommendations have been implemented.

Our audit did not include a determination that the BCEL 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 SBOE 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 maintenance of adequate property records over HAVA funded equipment, the Commonwealth's possession of unexpended Section 102 funds after the deadline and uncertified payroll expenditures, as discussed below, our audit concluded that the BCEL 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 BCEL's management attention are as follows:

1. Inventory listings of voting 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. Various required information were missing from the listings, including serial or ID number, source of property, who holds title, location, acquisition date, condition of property, cost, and percentage of federal participation in the cost.
2. The Commonwealth of Pennsylvania possesses approximately \$19,000 unobligated Section 102 funds that have not been returned to the EAC. The unobligated funds were additional funds awarded in error for six non-compliant precincts.
3. The Commonwealth of Pennsylvania charged a total of \$1,304,378.42 in salary and benefits expenditures to the HAVA election fund during the period of January 1, 2006 through July 31, 2010. Of this amount we question \$18,125.25 (11 pay periods at a biweekly rate of \$1,647.75) because the BCEL did not properly document the salaries as required by OMB Circular A-87.

We have included in this report as Appendix A-1 the BCEL management's formal responses to the findings and recommendations received December 8, 2010, which were confirmed as still applicable and current in management's response to the draft report dated March 23, 2011 (Appendix A-2). 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. BCEL 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 responded on April 7, 2011, and generally agreed with the report's findings and recommendations. The EAC stated that they would work with the state to ensure appropriate corrective action. The EAC's complete response is included as Appendix A-3.

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 Pennsylvania Bureau of Commissions, Elections and Legislation:

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 SBOE 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

SCOPE AND METHODOLOGY

We audited the HAVA funds received from April 15, 2003 through July 31, 2010, and disbursed from January 1, 2006 through July 31, 2010.

Funds received and disbursed by the HAVA program from inception, April 15, 2003, through July 31, 2010 (88-month period) are shown in the following table:

TYPE OF PAYMENT	FUNDS RECEIVED				TOTAL AVAILABLE	FUNDS DISBURSED	DATA AS OF
	EAC PAYMENT	PROGRAM INCOME	STATE MATCH	INTEREST EARNED			
Section 101	\$ 11,323,168	\$ 0	\$ 0	\$1,297,839	\$ 12,621,007	\$11,713,314	7/31/2010
Section 102	22,916,952	0	0	4,866,180	27,783,132 ³	25,071,047	7/31/2010
Section 251	109,775,381	0	11,538,698 ²	15,761,070	137,075,149	104,855,293	7/31/2010
Total	<u>\$144,015,501</u>	<u>\$ 0</u>	<u>\$11,538,698</u>	<u>\$21,925,089</u>	<u>\$ 177,479,288</u>	<u>\$141,639,654</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 over HAVA funded assets, the Commonwealth's possession of unexpended Section 102 funds after the deadline, and uncertified payroll expenditures, our audit concluded that the BCEL generally accounted for and expended HAVA funds in accordance with the requirements mentioned above. The BCEL has taken action to resolve the exceptions described below as set forth in Appendix A:

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.

² The Commonwealth did not deposit its state match into the election fund. Instead, it considered expenditures for its state-funded Statewide Voter Registration System as satisfying its state match.

³ The Commonwealth has remaining Section 102 funds in the amount of \$19, 157.94 with the balance of funds being interest earned to date. The interest earned that remains in the Section 102 fund, is being made available for Section 251 purposes per EAC advisory 05-003.

I. Property Records for HAVA Funded Equipment

The property inventory listings from the counties selected for testing did not conform to the requirements of 41 C.F.R. 105-71.132 (d)(1), (the Common Rule). The property inventory listings did not include required elements such as a serial or ID number, source of property, who holds title, location, acquisition date, condition of property, cost, and percentage of federal participation in the cost.

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.

Recommendation:

1. We recommend that the BCEL ensure that the property records at the counties include the minimum information required by the Common Rule.

BCEL's Response:

BCEL officials concurred with the finding and recommendation and stated that the Department of State has implemented new policies, procedures and remedial action to ensure that the counties comply with the Common Rule for maintaining adequate property inventories.

In their response to the draft report, BCEL officials stated that all of the counties had provided updated inventories that complied with the common rule. Also, they have implemented procedures to remind the counties of the requirement to maintain current inventories when additional federal funds are distributed.

II. Unexpended Section 102 Funds

The Commonwealth of Pennsylvania possesses unexpended and unobligated Section 102 funds of \$19,157.94 that have not been returned to the EAC. The unobligated funds were additional funds awarded in error for six non-compliant precincts.

The Commonwealth of Pennsylvania submitted an initial application for Section 102 funds to cover 7,179 non-compliant precincts. A revised application was submitted by the Commonwealth one day later correcting the number of non-compliant precincts to 7,173. However, the Commonwealth was awarded and received Section 102 funds based on the initial application with the erroneous larger number of precincts. As a result, the Commonwealth erroneously received additional funding of \$19,157.94. This amount represents the total amount of additional funds received due to the errors in the application.

Recipients of Section 102 funds were to replace punch card and lever voting systems by November 2, 2004, unless a state filed for a waiver with GSA under HAVA Section 102(a)(3)(B). States that received a waiver from GSA had until the first federal election in the state in 2006 to replace the voting systems. On May 25, 2007, Congress extended the deadline for the use of Section 102 funds to the date of the first federal election held in the state after March 1, 2008. The extension applies only to those states that received a waiver of the 2004 date. The Commonwealth of Pennsylvania filed a waiver on January 23, 2003 and received an April 22, 2008 deadline for compliance and expenditure of HAVA Title I, Section 102 funds.

States that have not replaced punch card or lever voting systems or that possess unobligated funds after the applicable Section 102 deadline must return the funds to the EAC. *HAVA Section 104(c) Use of Returned Funds and Funds Remaining Unexpended for Requirements Payments* states:

- (1) In General.—The amounts described in paragraph (2) shall be transferred to the Election Assistance Commission (established under title II) and used by the Commission to make requirements payments under part 1 of subtitle D of title II.
- (2) Amounts Described.—The amounts referred to in this paragraph are as follows:
 - (A) Any amounts paid to the Administrator by a State under section 102(d)(1).
 - (B) Any amounts appropriated for payments under this title which remain unobligated as of September 1, 2003.

Recommendation:

2. We recommend that the EAC work with the BCEL to return to EAC all unobligated Section 102 funds and interest.

BCEL's Response:

BCEL officials concurred with the finding and recommendation and proposed to return the funds plus interest upon receiving appropriate instruction from the EAC.

In their response to the draft report, BCEL officials stated that work had begun on returning the Section 102 funds to the EAC, and the project is expected to be completed by the deadline set by EAC of November 5, 2011.

III. Uncertified Payroll Expenditures

The Commonwealth of Pennsylvania charged a total of \$1,304,378.42 in payroll expenditures to the HAVA election fund during the period from January 1, 2006 through July 31, 2010. Of this amount, we question \$18,125.25 (11 pay periods at a biweekly rate of \$1,647.75) which is the salary from January 1, 2006 through June 5, 2006 of one employee. The employee's name was not included on the semi-annual certification indicating that he worked only on HAVA related activities.

OMB Circular A-87, in Attachment B Section 8(h) (3) requires that:

Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Recommendation:

3. We recommend that the EAC work with the DOS to determine the appropriate corrective action regarding the lack of periodic payroll certifications.

BCEL's Response:

BCEL officials stated that the employee's name was omitted from the certification in error, and provided a corrective action, including documentation from appropriate officials confirming that the employee worked solely on HAVA activities during the period in questions.

We provided a draft of our report to the appropriate individuals of the Commonwealth of Pennsylvania's BCEL, and the United States EAC. We considered any comments received prior to finalizing this report.

The EAC responded on April 7, 2011, and generally agreed with the report's findings and recommendations. The EAC stated that they would work with the state to ensure appropriate corrective action. The EAC's complete response is included as Appendix A-3.

CG performed its work between August 30, 2010 and September 17, 2010.

Clifton Henderson LLP

Calverton, Maryland
October 12, 2010



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
HARRISBURG, PENNSYLVANIA
17120

EXECUTIVE DEPUTY SECRETARY

March 23, 2011

Mr. Curtis Crider
Inspector General
U.S. Election Assistance Commission
1202 New York Avenue, NW – Suite 300
Washington, D.C. 20005

Dear Mr. Crider:

Thank you for your February 18 letter and the opportunity to review the draft audit report from the EAC for Pennsylvania's HAVA audit for the period January 1, 2006 – July 31, 2010. We have reviewed the report and our previous responses which are included within the report. Our initial responses are still applicable and current. Attached are two additional updates since our initial responses in December 2010.

Please direct future correspondence related to this audit to Ian Harlow, Deputy Commissioner, Bureau of Commissions, Elections and Legislation, at 717-772-4444 or iharlow@state.pa.us.

Thank you again for the opportunity to review the draft audit.

Sincerely,

A handwritten signature in cursive script that reads "Thomas J. Weaver".

Thomas J. Weaver

Attachment

Additional Pennsylvania Response to HAVA Audit for the Period January 1, 2006 through July 31, 2010

Submitted March 23, 2011

NFR#1, Property Management

As indicated in the revised procedures for monitoring of county property records, the Commonwealth of Pennsylvania has required all of its 67 counties to provide updated property inventories to be submitted on the approved Commonwealth format by January 15, 2011. All of these updated inventories have been received, reviewed and accepted as providing the information required by the Common Rule.

On an ongoing basis, BCEL is now notifying PA counties of the requirement to maintain a current inventory as new federal funds are disbursed to purchase additional property.

NFR#2, Compliance

The Commonwealth has begun work to close out its Title I, Section 102 Account and expects to complete the project by the November 5, 2011 deadline set by the Election Assistance Commission.

Note: The following responses to the Notices of Findings and Recommendations were accompanied by various documentation supporting the corrective actions proposed. The attachments are not included in this Appendix, but are available to the EAC upon request.

Commonwealth of Pennsylvania
Department of State
Bureau of Commissions, Elections and Legislation

CORRECTIVE ACTION PLAN

NFR #1:

AUDIT AREA: Property Management

CFDA No. 90.401 – Help America Vote Act Requirements Payments

CFDA No. 39.011 – Title I, Section 101 and 102 Funds

Condition: The property inventory records selected for testing provided by the counties of the Commonwealth of Pennsylvania did not conform to the requirements of 41 C.F.R. 105-71.132(d)(1), (the Common Rule). The auditors noted that various required information, including serial or ID number, source of property, who holds the title, location, acquisition date, condition of the property, cost, and percentage of federal participation in the cost were missing from the property inventory records.

CORRECTIVE ACTION STEPS

Pennsylvania's Department of State

- (1) The Department of State has revised procedures for monitoring of county property records. The new procedures will implement more rigorous monitoring by the Bureau of Commissions, Elections and Legislation's Division of Help America Vote Act. Please see the revised procedures included with this response.
- (2) The Department will take a more proactive approach to ensure submission of property inventories. As requests for payment are processed, counties will be reminded to update property inventories by the Division of HAVA at the time it approves requests and again by the HAVA Fiscal Division as requests for payment are posted to the Pennsylvania Treasury Department for disbursement of payments.
- (3) Remedial Action Procedures have been developed for the property inventory requirements in the event counties fail to comply with the requirements. Please see the Remedial Action Procedures included with this response.

Pennsylvania's Counties

- (1) The Department has established formal procedures for ensuring proper recording of county property funded in whole or in part by Federal Help America Vote Act grant funds pursuant to the Common Rule.
- (2) The Department prepared Help America Vote Act Program Advisory No. 2010-4 that was sent to each county's Help America Vote Act (HAVA) Contacts. This advisory outlines the new procedures established for the inventory of HAVA property records.
- (3) The Department of State has prepared a new spreadsheet for collection of the inventory data. Effective immediately, all counties are required to provide inventory records using the new format. Inventories in other formats will be returned to the counties for correction. A copy has been provided with this response.
- (4) All Pennsylvania counties have been requested to provide revised inventories using the new Excel spread sheet (See sample attached). Counties must provide a copy of the

Commonwealth of Pennsylvania
Department of State
Bureau of Commissions, Elections and Legislation

CORRECTIVE ACTION PLAN

NFR #2:

AUDIT AREA: Compliance

CFDA No. 39.011 – Title I, Section 102 Funds

Condition: The Commonwealth of Pennsylvania possesses approximately \$19,000 in unobligated HAVA Section 102 funds that have not been returned to the Election Assistance Commission (EAC). The unobligated funds were additional funds awarded in error for six non-compliant precincts.

CORRECTIVE ACTION STEPS

- (1) The Commonwealth received Section 102 funds based on 7,179 non-compliant county precincts as of the November 2000 election. The correct number of non-compliant precincts as of that election was 7,173 (a difference of 6 precincts). The amount of \$19,157.94 which was awarded in error was not disbursed via grant agreements to Pennsylvania counties. This amount and any interest earned on the funds while in the Commonwealth's account were held pending receipt of specific instructions from the EAC.
- (2) Once the Department of State receives instructions for the return of the funds from the EAC, pursuant to HAVA Section 104(c), the Department will begin preparations to return the funds awarded in error to Pennsylvania along with interest earned on that amount. Interest earned will be calculated based on the date of receipt of the funds in April 2003 through the current date.

CORRECTIVE ACTION PLAN

NFR #3

AUDIT AREA: Payroll Charges

CFDA No. 90.401 – Help America Vote Act Requirements Payments

CFDA No. 39.011 – Title I, Section 101

Condition: The Commonwealth of Pennsylvania charged a total of \$1,304,378.42 in payroll expenses to the HAVA election fund during the period of January 1, 2006 through July 31, 2010. Of this amount, \$18,125.25 (11 pay periods at a biweekly rate of \$1647.75) is the salary of one employee for the period of January 1, 2006 through June 5, 2006. The employee's name was not included on the semi-annual certification indicating that he worked only on HAVA related activities.

CORRECTIVE ACTION STEPS

Chet Harhut, the employee whose salary is in question was working solely in the position of Chief of the Division of Help America Vote Act during the period in question. His name was omitted in error because at the time that the certification was prepared, Mr. Harhut was no longer serving in that position. The Department of State is providing the following documentation to resolve this finding:

1. A certification by Mr. Harhut, supporting the salary charged to the HAVA election fund for the period in question confirmed by Harry A. VanSickle, Deputy Secretary of Administration for the Department of State.
2. To establish the time period in which Mr. Harhut served as Chief of the Division of HAVA we are providing two appointment letters from Harold J. Conrad, former Human Resource Director for the Department of State. One establishes the date of Mr. Harhut's promotion from an Administrative Officer 1 position as a HAVA Specialist to an Administrative Officer 2 position as Chief of the Division of HAVA. This letter is dated November 7, 2005 and establishes that Mr. Harhut's term as Chief began effective October 29, 2005.

The second letter from Mr. Conrad, dated June 6, 2006, documents Mr. Harhut's promotion from Chief of the Division of HAVA (Administrative Officer 2 position) to Deputy Commissioner of the Bureau of Commissions, Elections and Legislation (Administrative Officer 4). The promotion became effective June 3, 2006 and establishes the end of Mr. Harhut's term as Chief of the Division of HAVA.

3. A Human Resources Employment Data Report for Mr. Harhut which shows employment data for the period in question.



EAC RESPONSE TO THE DRAFT AUDIT:

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

April 7, 2011

MEMORANDUM

To: Curtis Crider
Inspector General

A handwritten signature in black ink, appearing to read "T. Wilkey", is written over the "From:" label.

From: Thomas R. Wilkey
Executive Director

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

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

The Election Assistance Commission (EAC) generally concurs with the results of the review and recommendations. The EAC will work with the Commonwealth of Pennsylvania Bureau of Commissions, Elections and Legislation (BCEL) 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 BCEL 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 BCEL'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 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 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 Act.

MONETARY IMPACT AS OF JULY 31, 2010

<i>Description</i>	<i>Questioned Costs</i>	<i>Additional Funds for Program</i>
Semi-annual certifications of full-time employment on HAVA activities not filed	\$18,125	\$0
Excess Sec. 102 funds to be returned to EAC	19,158	0
Total	\$37,283	\$0

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
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

