U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL

FINAL REPORT:

Administration of Payments Received Under the Help America Vote Act by the Tennessee Secretary of State's Division of Elections

APRIL 23, 2003 THROUGH JUNE 30, 2009

Report No.
E-HP-TN-02-09
April 2010

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

April 9, 2010

Memorandum

To: Thomas Wilkey
Executive Director

From: Curtis W. Crider
Inspector General

Subject: Final Audit Report - Administration of Payments Received Under the Help America Vote Act by the Tennessee Secretary of State's Division of Elections (Assignment Number E-HP-TN-02-09)

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 Tennessee Secretary of State's Division of Elections (SOS-DOE). 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-DOE, Clifton Gunderson concluded that, except for the lack of adequate competition for procurements in some of the counties visited and the state's failure to document payroll charges, our audit concluded that the SOS-DOE 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. The SOS-DOE also complied with section 251 requirements.

In its October 27, 2009 responses to the findings and recommendations (Appendix A), the SOS-DOE agreed that appropriate procedures were not followed in both instances cited, but did not believe there was any adverse impact on the HAVA program.

Please provide us with your written response to the recommendation included in this report by June 9, 2010. Your response should contain information on actions taken or planned, including target dates and titles of EAC officials responsible for implementing the recommendation.

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 TENNESSEE

April 23, 2003 Through June 30, 2009

UNITED STATES
ELECTION ASSISTANCE COMMISSION

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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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 Tennessee

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 Tennessee Secretary of State (SOS) for the period April 23, 2003 through June 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 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. 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 lack of adequate competition for procurements in some of the counties visited and the state's failure to document payroll charges, 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 April 23, 2003 through June 30, 2009. The exceptions needing SOS's management attention are as follows:

- Four of the seven counties we visited in Tennessee did not use formal solicitation procedures to purchase voting equipment during calendar year 2006 as required. The four counties negotiated contracts totaling $1,647,097 with vendors authorized by the state election office to sell voting equipment in Tennessee.

- The state did not complete semi-annual certifications for employees who worked full-time or solely on HAVA activities. The state paid a total of $1,492,446 in salaries to full-time employees between April 23, 2003 through June 30, 2009.

The SOS officials agreed that the subject counties did not obtain competitive bids in their purchase of voting equipment, but believe that the prices paid by these counties were equal to prices paid by counties which engaged in competition. They also agreed that semi-annual certifications for full-time employees paid by HAVA funds had not been completed, but said that these individuals had worked only on HAVA related activities and believe the salary charges should not be disallowed.

We have included in this report as Appendix A the SOS management's formal response on October 27, 2009 to the findings and recommendations. Although we have included management's written responses to our 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.

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 Tennessee SOS:

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.[1]

SCOPE AND METHODOLOGY

We audited the HAVA funds received and disbursed by the SOS from April 23, 2003 through June 30, 2009 (73-month period) as shown in the following table:

	FUNDS RECEIVED						
TYPE OF PAYMENT	**EAC PAYMENT**	**PROGRAM INCOME**	**STATE MATCH**	**INTEREST EARNED**	**TOTAL AVAILABLE**	**FUNDS DISBURSED**	**DATA AS OF**
Section 101	$ 6,004,507	$ 0	$ 0	$ 963,821	$ 6,968,328	$ 1,807,403	6/30/2009
Section 102	2,473,971	0	0	134,659	2,608,630	2,608,630	6/30/2009
Section 251	46,236,130	0	2,500,000	6,366,305	55,102,435	23,185,068	6/30/2009
Total	$54,714,608	$ 0	$2,500,000	$7,464,785	$64,679,393	$27,601,101	6/30/2009

[1] EAC requires states to submit annual reports on the expenditure of HAVA Sections 101, 102, and 251 funds. For Sections 101 and 102, reports are due on February 28 for the activities of the previous calendar year. For Section 251, reports are due by March 30 for the activities of the previous fiscal year ending on September 30.

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 failure of selected counties in following appropriate procurement procedures; the state's lack of personnel certifications; 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:

I. Procurement

There were four of the seven counties we visited in Tennessee that did not use formal solicitation procedures to purchase voting equipment during calendar year 2006. The four counties negotiated contracts totaling $1,647,097 with vendors authorized by the state election office to sell voting equipment in Tennessee.

The Administrators of Elections at three of the counties told us that they believed their Election Commission was exempt from procurement regulations which require competitive bidding procedures. The Purchasing Officer for one of the three counties provided us a letter prepared by the County Attorney in which the attorney concluded that, "Neither the Election Statutes or the rules and regulations of the Coordinator require that purchases of electronic voting machines be competitively bid." The administrators at the other two counties told us they were verbally advised by their purchasing offices that the Election Commission was exempt from county purchasing requirements.

The fourth county election administrator said that she thought the state had awarded a state-wide contract which established prices for the voting equipment that the county simply had to choose the equipment which it believed was best suited for its local purposes, and then order from the state contract.

Tennessee Division of Elections officials told us that the state certified the voting equipment vendors, but did not award any state-wide contracts. These officials said that they had negotiated voting equipment prices with each of the four vendors and that they reviewed all contracts between the counties and the vendors to assure that the counties were not charged more than the prices negotiated. They also said that under Tennessee state law, the General Assembly, which includes the SOS, is exempt from state procurement regulations. The state law does say, however, that to the extent practicable, the General Assembly should follow the procedures established by the state's Department of General Services. The grants awarded to the counties permitted each county to select, from authorized vendors, the voting equipment which best suited the counties' needs. The grant agreement also required that procurements

subject to the grant shall be made on a competitive basis, including the use of competitive bidding procedures.

The *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments* (Common Rule) located at 41 CFR 105-71.136(a), and Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments,* Attachments A and B, provide guidance to grantees when utilizing federal funds to ensure that costs incurred are both reasonable and allowable.

The Tennessee Department of General Services Purchasing Rules in effect at the time these purchases were made at Chapter 0690-3-1 "*Purchase of Materials, Supplies, Equipment and Services,*" Section .01 (5), *Exempt State Agencies* includes purchasing requirements for certain agencies named in the ruling.

Further, Chapter 0690-3-1, Section .01 under *Methods of Purchasing* discusses procedures for competitive bidding.

The terms of the grant agreement between the State of Tennessee, Department of State, Division of Elections and the various county Election Commissions describe the requirements for competitive bidding when using federal funds.

Three of the administrators believed that they were exempt from these requirements. Moreover, the SOS did not verify that all counties followed applicable procedures in their procurement of voting equipment before reimbursing the counties for the cost of the equipment.

As a result, the SOS reimbursed four counties for a total of $1,647,097 for expenditures the counties incurred related to their purchase of voting machine equipment, thus the counties may not have obtained the best pricing for the voting equipment.

Recommendation:

We recommend that the SOS resolve the questioned costs with the Commission.

SOS's Response:

The state did not disagree with the finding that four counties did not purchase voting equipment using competitive bidding procedures. The state believes, however, that the process used to purchase voting equipment resulted in prices that were the same whether or not competitive selection procedures were used.

Prior to the award of subgrants to counties for the purchase of voting equipment, the SOS's office negotiated a maximum price with each of the four vendors authorized to sell voting equipment within the state. Documents provided by the SOS show that the prices paid by counties where competition took place were the same as those paid by the counties which did not engage in competitive bidding. In one instance a county paid less for voting equipment using the state's negotiated price than they had previously paid using their own funds pre-HAVA.

The SOS believes there is ample evidence that the counties could not have obtained a more favorable pricing structure for the purchase of voting equipment had competitive bids been obtained and could have resulted in higher prices for smaller counties.

II. Personnel Certifications

The State of Tennessee's Office of the SOS did not complete semi-annual certifications for employees who worked full-time or solely on HAVA activities.

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

> (3) 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 first hand knowledge of the work performed by the employee.

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

As a result, the Commission has no assurance that salaries and fringe benefit costs of $1,492,446 paid to SOS staff using HAVA program funds were incurred for work done solely on HAVA activities during the audit period.

Recommendation:

We recommend that the Commission resolve with the Tennessee SOS the appropriate corrective action regarding the lack of periodic certifications.

SOS's Response:

The State acknowledged that it had not completed the required certifications for employees who were paid with HAVA funds. The SOS's office said they were unaware of the requirements of OMB Circular A-87. They said that at all times since the inception of the program the employees worked solely on HAVA activities while they have been paid with HAVA funds. They also said that they have developed a semi-annual certification form and that affected employees have completed the form for the first half of this year and those certifications will be prepared and retained by the SOS's office in the future.

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We provided a draft of our report to the appropriate individuals of the Tennessee SOS and the Commission. We considered any comments received prior to finalizing this report.

CG performed its work between August 4, 2009 and August 21, 2009.

Clifton Gunderson LLP

Calverton, Maryland
November 5, 2009

Appendix A

Director, Division of Elections, Secretary of State Response To Audit Results[2]

Response to NFR #1

In implementing the Help America Vote Act ("HAVA") in Tennessee, the State granted money to the counties to purchase voting equipment. Allowing the counties to pick the type of voting equipment to purchase, as long as it was certified by the State, was in keeping with past practice. In reviewing the actions of the counties in Tennessee with respect to the purchase of voting equipment, it is important to take into account the end results of the process.

Our past experience in Tennessee made us believe that the smaller counties would have the most trouble getting a fair offer in purchasing voting equipment, assuming they could get some offers, which led us to negotiate a maximum price per machine with each vendor. As detailed below, the counties in Tennessee that did not technically purchase the equipment through competitive bid paid the exact same price for the equipment as those counties who did use the competitive bid process. Additionally, in some instances the county had little choice but to "sole source" the purchase and were not adversely affected by that action.

It must also be noted that the State Comptroller's office gave advice to a county, widely circulated throughout the State, which indicated the counties were not required to use the competitive bid process in this particular situation. This advice was relied on by several counties.

Blount, Madison and Rhea Counties

Each of these three counties ultimately purchased E-Slate voting equipment manufactured by Hart InterCivic. While these counties differ significantly in population and geography, each of the three counties paid exactly the same amount for voting equipment: $2,500 per voting machine and $3,000 per voting machine for voters with disabilities. Indeed, this is the same amount per machine that every county in the State that purchased E-Slates ultimately paid. More importantly, however, is that this is also the *exact amount bid* by Harp in counties where a bid was requested.[3]

This consistency in pricing is more than a mere coincidence. It is the result of our having negotiated a maximum price with each manufacturer prior to the grants being awarded. As noted above, we did this to protect the small counties who had little or no bargaining power with the manufacturers. Thus, among the counties that purchased E-Slate machines, the amount paid in no-bid counties is always equal to the amount paid in the counties that accepted bids. Additionally, there is no evidence of any bid by Hart in any county in the State where the amount bid did not equal $2,500 per machine and $3,000 per machine for disability voting. Therefore, the failure of these three counties to submit to a formal bid process in no way affected the amount of money paid to purchase the voting equipment.

[2] The responses to our NFR (Notice of Findings and Recommendations) were received in writing.

[3] This is true in both counties where E-Slate was ultimately selected and those where another machine was purchased.

Rutherford County

Although this County opted for the MicroVote Infinity machine, the same logic applies here as well. Rutherford County paid $3,150 per machine using the HAVA money granted by the State. Montgomery County, whose population is close to that of Rutherford County, received bids before purchasing machines. The bid from MicroVote, ultimately accepted by Montgomery County, was for *the exact amount* per machine that Rutherford County paid: $3,150 per machine. Indeed, bids to other counties from MicroVote all had the same per unit price which was negotiated as a maximum by the State before the counties began purchasing machines.

More importantly in this case, however, is that Rutherford County already had some MicroVote Infinity machines. The County had purchased several Infinity machines prior to the 2004 election cycle and, when faced with having to acquire more machines, obviously chose to build upon what had already been purchased. Thus, the only real option for Rutherford County was to purchase more Infinity machines. However, the amount paid per machine with HAVA funds was *less* than the amount the County had negotiated with MicroVote for the earlier purchase. The manufacturer almost certainly would not have charged the County less per machine, especially in a sole source circumstance, had not the State negotiated a better price as a statewide maximum. As further evidence of this, the printer kits for the Infinity machines cost Rutherford County $750 apiece when purchased before the implementation of HAVA. The bid from MicroVote in counties where a bid occurred and the amount paid by Rutherford County with HAVA funds for the printers was $700.

It is apparent that the lack of a bid in Rutherford County did not result in any lost dollars. Indeed, with the State intervening to set a maximum price, the County was able to purchase equipment at a price lower than it had previously.

Conclusion

There is some question as to whether purchases made by the Secretary of State's office are exempt from the competitive bid process. Two divisions of the Comptroller's Office, State Audit and County Audit, independently advised counties that State law did not require competitive bids in this instance. And at least one of the counties cited in the audit had already purchased machines and needed to purchase identical machines with the HAVA funds.

Irrespective of any technical requirement for a competitive bid process, however, is the ample evidence that the counties could not have obtained a more favorable pricing structure for the purchase of voting equipment had bids been required. Competitive bids without a maximum price established by the State almost certainly would have resulted in higher prices for smaller counties. Indeed, this is exactly what occurred in Rutherford County in the purchase of voting machines with County money prior to the State negotiating a maximum price. Secondly, the bids made by the manufacturers in counties where a bid was sought *are identical* to the prices paid in the no-bid counties cited in the audit. Finally, while it can be argued that a competitive bid process should always be used, in the present case it is beyond question that a bid in these counties would have resulted in the exact same result with the exact same price. There is simply no evidence that a bid would have reduced the cost of the machines.

It must be noted that there were four vendors certified by the State to sell voting equipment to the counties. The fact that all four vendors did sell equipment is a testament to the efficiency of the process. There was competition among the vendors and the prices negotiated

by the State were fair and reasonable. The finding notes that some county election officials gave different reasons as to why a bid was not used. The State was diligent, however, in educating the counties about the existence and amount of a maximum price per machine. We held training seminars where the topic was covered on several occasions. The discrepancy in answers from the counties may be based on several factors: 1) A significant amount of time has passed since the purchasing process; 2) There was considerable turnover among county election officials between the purchase of the equipment and the audit; and 3) The county election officials were being told different things by different people (county officials were suggesting a bid process, while the Comptroller's Office was insisting no bid was needed).

In conclusion, it is the State's position that the pre-negotiated maximums established by the State obviated the need for a competitive bid process in each county. This is proven by the uniformity of the bids that were obtained and the prices that were paid by the counties. It is beyond question that bids in the four counties cited in the audit would not have resulted in any reduction in price for the purchase of voting equipment.

List of Exhibits[4]

1. Memorandums from State Comptroller's Office

   - Art Alexander – Division of County Audit
   - Bryan Burkin – Division of State Audit

2. Invoice and Purchase Order from Rutherford County, Tennessee, detailing previous non-HAVA purchase of voting equipment. Note that price is higher than amount actually paid by State and Rutherford County in subsequent purchase with HAVA funds.

3. Bids received by Montgomery County, Tennessee, showing an amount identical to that paid by non-bid counties.

4. Bids received by Williamson County, Tennessee, showing an amount identical to that paid by non-bid counties.

5. Copies of grant agreements detailing amounts granted to counties that purchased Hart E-Slate machines.

6. Copies of grant agreements detailing amounts granted to counties that purchased MicroVote Infinity machines.

[4] Clifton Gunderson LLP did not include the exhibits in this report.

Response to NFR #3

The employees paid with the Help America Vote Act grant were hired to and have worked solely on projects relating to the Help America Vote Act grant during the period reflected in the finding, although the necessary paperwork was not completed.

Our office was unaware of the semi annual certification requirement set forth in the OMB A-87 Circular until this year. Brook Thompson, the previous Coordinator of Elections, attended several meetings and sat on several committees regarding HAVA and was not aware of this requirement.

After learning of the certification requirement our office developed a semi-annual certification form and those employees have completed the certification requirement for the first half of this year (Auditors [redacted] and [redacted] reviewed these certifications). It should be noted, however, that at all times since the HAVA funds were distributed, the employees paid with HAVA funds have worked solely on HAVA issues. Although the State failed to file the necessary paperwork, Tennessee did comply with all relevant laws regarding the expenditure of HAVA funds at all pertinent times.

Certifications will be submitted and retained by our office in the future.

Text redacted pursuant to Freedom of Information Act Exemption 6

Appendix B

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
    - Test disbursement of HAVA funds for allowability and compliance
    - Test cash receipts from SOS to ensure proper cash management
    - Test procurement of voting equipment for competitive bid process
    - Ensure compliance with HAVA Act.

Appendix C

MONETARY IMPACT AS OF JUNE 30, 2009

Description	***Questioned Costs***	***Additional Funds for Program***
Contracts awarded without formal competition	$1,647,097	$0
Semi-annual certifications of full-time employment on HAVA activities not filed	$1,492,446	$0
Totals	$3,139,543	$0

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