



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

FINAL REPORT

**ADMINISTRATION OF GRANT FUNDS RECEIVED
UNDER THE HELP AMERICA VOTE COLLEGE PROGRAM
BY PROJECT VOTE**

**AUDIT REPORT NO.
E-HP-SP-05-10**

NOVEMBER 2010

U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL



HIGHLIGHTS

AUDIT REPORT NO.
E-HP-SP-05-10

SUBJECT

We audited Project Vote's use of \$33,750 provided through two grants issued in 2006 by the U.S. Election Assistance Commission (EAC) under the Help America Vote College Program (College Program).

Our audit objectives were to determine whether the costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants.

RECOMMENDATIONS AND COMMISSION RESPONSE

We found that Project Vote did not possess cost records sufficient to support expenditures related to the two grants issued to Project Vote in 2006. We recommended that the EAC work with Project Vote to obtain cost records and if such records can not be obtained to recover the \$33,750 in grant funding provided to Project Vote.

In its response to the draft report (Appendix 2), the EAC indicated that it generally concurred with the results of the review and the recommendations. The response indicated that the EAC would work with Project Vote to recover any unsupported or unallowable costs.

NOVEMBER 2010

AUDIT REPORT

ADMINISTRATION OF GRANT FUNDS RECEIVED UNDER THE HELP AMERICA VOTE COLLEGE PROGRAM BY PROJECT VOTE

RESULTS IN BRIEF

The Help America Vote College Program is a discretionary grant program run by the EAC to encourage college students to serve as poll workers. Grants are distributed to non-profit organizations and institutions of higher learning to recruit and train college students to serve as poll workers.

In 2006, Project Vote was awarded two grants, \$16,875 each, to develop and implement recruitment and training programs in Michigan and Delaware. According to information provided by Project Vote, they contracted with the Association of Community Organizations for Reform Now (ACORN) to conduct the grant work. The final reports issued regarding these grant programs states that Project Vote used the grant funding to recruit 105 and 75 students, respectively, in Delaware and Michigan, and that 105 and 40 students, respectively, were trained in Delaware and Michigan to serve as poll workers.

Upon making repeated requests for cost and accounting records, we were informed by Project Vote in April 2010 that Project Vote could not locate any cost or accounting records to support its or ACORN's expenditures under the grants. What is more, Project Vote could not demonstrate that a contract existed between itself and ACORN to perform the grant services.

EAC requested that payment be made to Project Vote under this grant in August 2009. Based upon the records provided by EAC, it had no cost records or expenditure details at the time of payment.

We found that the grant costs were unsupported and questioned all \$33,750. We recommended that the Commission (1) work with Project Vote to identify any supporting costs records and make a determination as to whether any costs related to the grant were supported, (2) conduct a thorough search to determine if EAC has any additional records from Project Vote that support its costs, (3) recover any unsupported or unallowable costs from Project Vote, and (4) follow policies and procedures established in the grant award regarding obtaining and retaining required reporting documents.



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

November 8, 2010

Memorandum

To: The Commission

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

Subject: Final Audit Report – “Administration Of Grant Funds Received Under
The Help America Vote College Program By Project Vote”

This memorandum transmits the U.S. Election Assistance Commission Office of Inspector General’s final report on its audit of Project Vote’s use of funding distributed by the U.S. Election Assistance Commission (EAC) under the Help America Vote College Program (College Program). The Office of Inspector General was requested by the U.S. Election Assistance Commission to audit the two Help America Vote College Program grants issued in 2006 to Project Vote of Delaware and Project Vote of Michigan. Project Vote of Delaware received \$16,875 and Project Vote of Michigan received \$16,875. The objective of the audit was to determine whether the costs claimed under the grants were allowable, supported, and in accordance with applicable laws, regulations, guidelines, and the terms and conditions of the grants.

We discovered that Project Vote did not possess cost records to support its expenditures under the two grants issued to Project Vote (Michigan and Delaware) in 2006. As a result, the OIG is questioning the entire \$33,750 provided to Project Vote under the grants. In a letter dated June 16, 2010, (Appendix 3) Project Vote maintains that the work outlined in the grants was successfully completed. The letter further indicated that Project Vote no longer has any working relationship with ACORN. A copy of the draft report was provided to Project Vote for its review and comment. Project Vote did not respond to our request for comments.

In its response to the draft report (Appendix 2), the EAC indicated that it generally concurred with the results of the review and the recommendations. The response indicated that the EAC would work with Project Vote to recover any unsupported or unallowable costs.

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 January 4, 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.

If you have any questions regarding this report, please call me at (202) 566-3125. We appreciate your prompt attention to this matter.

cc: Executive Director

TABLE OF CONTENTS

Introduction	1
Objectives, Scope, and Methodology	2
Findings and Recommendations	3
Appendix 1 – Monetary Impact	7
Appendix 2- Commission Response	8
Appendix 3- Letter from Project Vote	9

INTRODUCTION

The U.S. Election Assistance Commission (EAC) was created and empowered by the Help America Vote Act of 2002 (HAVA) to assist states with the improving the process of conducting elections for federal office. HAVA also provides funds to help encourage college students to be trained and serve as poll workers on election day.

The Help America Vote College Program (College Program) permits grants to institutions of higher learning and nonprofit organizations to recruit and train college students to serve as poll workers on election day. Grants under this program were first distributed in 2004. The EAC has subsequently distributed grants in 2006, 2008, 2009 and 2010.

Under the College Program, the EAC awarded \$33,750 to Project Vote in August 2006 in the form of two grants: one to Project Vote, Delaware, in the amount of \$16,875; and one to Project Vote, Michigan, in the amount of \$16,875. Project Vote submitted grant applications or proposals for both grants in June 2006. Those applications included budgets for the proposed projects.

Project Vote's final report was dated May 2007 for each grant project. According to those reports, interim reports were also submitted and the final reports covered the period from October 1, 2006 through December 31, 2006. As a part of the final reports, Project Vote provided a narrative of its expenditures. The narrative merely listed the categories or classes of things on which grant funds were spent, including salaries and wages for several employees, refreshments, supplies associated with the production of flyers, reminder phone calls, and travel expenses. The reports did not identify what amounts of money were spent on each of these activities.

The final reports also provided information regarding the results of the grant projects undertaken by Project Vote, Michigan, and Project Vote, Delaware. According to the final reports, Project Vote, Michigan, recruited 75 students and 40 of those students were ultimately trained as poll workers. Project Vote reported that they were asked to suspend referrals to the Department when the Department had reached the needed number of qualified poll workers. Project Vote, Delaware recruited and trained 80 students. Students were recruited through two meetings: one on the University of Delaware campus and one on the Delaware Technical and Community College Campus. Training sessions were held on both campuses. In addition, 25 students contacted Project Vote regarding their interest and were directed to training sessions conducted by the New Castle Department of Elections at other locations.

The EAC distributed the \$33,750 in grant funds to Project Vote in August 2009. The information provided with regard to this payment was a memorandum to the General Services Administration requesting disbursement of funds. That memorandum stated that EAC was awaiting final reports prior to disbursing payment to Project Vote. EAC did receive the final reports.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether the costs claimed by Project Vote under the College Program grants were allowable, supported, and made in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grants.

We examined records related to the College Program grants issued to Project Vote that were provided by the EAC as well as Project Vote. We also examined standards for reporting as contained in the terms and conditions of the grant, the grant award letters, HAVA, and applicable Office of Management and Budget circulars.

We performed our audit in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

At the beginning of this audit, the OIG requested access to records related to the grants distributed to and administered by Project Vote. These requests were made of Project Vote officials as well as the EAC. The EAC provided documents to support the grant solicitation, Project Vote's applications, as well as the selection and award of grants to Project Vote. In addition, EAC provided documentation for the request for payment or disbursement of funds to Project Vote. The EAC also provided copies of the final reports submitted by Project Vote. On January 21, 2010, the EAC confirmed that they did not have any additional records related to the Project Vote grants.

Project Vote provided copies of the final reports submitted for both grants. In addition, Project Vote provided a spreadsheet with the names of students as well as contact and tracking information for persons involved with the Delaware effort. Last, Project Vote provided an activity report for the Michigan grant project. By email dated April 20, 2010, Project Vote officials stated that they did not have any additional records.

According to information provided by Project Vote officials during a conference call held on March 5, 2010, Project Vote contracted with ACORN to conduct the work under these grant agreements. Project Vote officials stated that they could not produce contract documents supporting this working relationship and that no funds had been disbursed to ACORN due to the lack of contract documentation. In its April 20, 2010 email, Project Vote officials stated that Project Vote requested documents from ACORN relative to their work on these projects and that ACORN had not produced any records.

The award letters issued to Project Vote set forth the record keeping and audit requirements on grants made under the Help America Vote College Program. The conditions specifically required compliance with Office of Management and Budget (OMB) Circular A-122 and referenced the provisions of HAVA regarding recordkeeping by recipients of HAVA funding. In addition, the reporting schedule provided to Project Vote with the award letters for the grants required the submission of a Cash Transactions Report (SF 272) on October 15, 2006, and a Financial Status Report (SF 269) on March 31, 2007.

FY 2006 Help America Vote College Program Grant
Reporting Schedule

<u><i>Due Date</i></u>	<u><i>Reporting Period</i></u>	<u><i>Report</i></u>
October 15, 2006	August 7, 2006 – September 30, 2006	SF 272 Federal Cash Transaction Report
October 30, 2005	August 7, 2006 – September 30, 2006	Performance Report
March 31, 2007 (Final Report)	October 1, 2006 – December 31, 2006 (unless the period of the grant is extended)	SF 269 Financial Status Report and Performance Report

The grant award letters to Project Vote, Michigan and Project Vote, Delaware were dated August 4, 2006.

Circular A-122 requires that costs are “adequately documented” in order to be considered allowable. See OMB Circular A-122, Cost Principles for Non-Profit Organizations (2 C.F.R. Part 230). The circular also specifies the types of records that are needed to support certain charges. For example, time sheets or certifications are required to support salary costs charged to a grant. Section 902 of HAVA requires that grant recipients maintain records consistent with sound accounting principles.

“(a) Recordkeeping Requirement. – Each recipient of a grant or other payment 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.”

42 U.S.C. § 15542 (a).

After several requests to both the EAC and to Project Vote, neither could provide records of actual expenditures by Project Vote on this grant. Project Vote could not produce any cost or accounting records related to its expenditure of \$33,750 in Federal grant funds. Furthermore, neither EAC nor Project Vote could produce interim or final financial reports that were required to be submitted by Project Vote pursuant to the grant agreement. The only information provided relative to costs were budget estimates included in Project Vote’s applications for the two grants. The two final reports

submitted by Project Vote included a list of the types of charges funded by the grants. The reports did not include amounts for each of the categories and did not provide any supporting documentation for salaries or any other charges. The records submitted by both the EAC and Project Vote did not include any SF 272 Federal Cash Transactions Reports or SF 269 Financial Status Reports. The records provided by Project Vote and EAC do not support costs reportedly incurred by Project Vote in conducting the two grant programs.

FINDING 1 – PROJECT VOTE’S COSTS WERE UNSUPPORTED

Project Vote’s failure to maintain records in accordance with grant conditions, HAVA requirements, and applicable OMB circulars resulted in its inability to produce records to support costs reportedly incurred by Project Vote in conducting the grant programs. EAC, likewise, did not produce financial reports required to be submitted by Project Vote as a part of its grant agreement with EAC. As a result of the absence of cost records, all \$33,750 in costs associated with grants made to Project Vote in 2006 are currently unsupported and are, therefore, questioned.

RECOMMENDATIONS

We recommend that the EAC:

1. Determine whether any costs associated with this grant are supported and allowable. EAC should work with Project Vote to determine whether Project Vote has any records to support its costs under the grants.
2. Conduct a thorough search of its paper and electronic files to determine if the EAC has any additional documentation that would support Project Vote’s costs.
3. Recover all unsupported and unallowable costs paid to Project Vote under the two grants issued in 2006.
4. Follow policy and procedure established in the grant awards in obtaining and maintaining required reporting documents.

PROJECT VOTE COMMENTS

Project Vote in a letter to the Office of Inspector General dated June 9, 2010, (Appendix 3) provided additional information concerning the two grants issued to Project Vote in 2006. In its letter, Project Vote indicated that it had provided all of the documents that were in its possession to the Office of Inspector General. Project Vote also felt that the documents that it had submitted showed that the projects were successfully completed. Project Vote also indicated that it had attempted to obtain records from its sub-contractor. The letter further stated that Project Vote was no longer affiliated with ACORN.

U.S. ELECTION ASSISTANCE COMMISSION COMMENTS

In its response to the draft report (Appendix 2), the EAC generally concurred with the findings and recommendations. The response indicated that the EAC would work with Project Vote to recover any unsupported or unallowable costs.

APPENDIX 1

MONETARY IMPACT

<i>Description</i>	<i>Questioned Costs</i>
Project Vote Delaware	\$ 16,875
Project Vote Michigan	\$16,875
Totals	<u>\$33,750</u>



EAC RESPONSE TO THE DRAFT AUDIT:

*OIG Performance Audit Report on the Administration of
Payments Received Under the Help America Vote Act
College Program by Project Vote*

October 29, 2010

MEMORANDUM

To: Curtis Crider
Inspector General

From: Thomas Wilkey
Executive Director

Subject: Draft Audit Report – “Administration of Grant Funds Received
Under the Help America Vote Act College Program by Project
Vote”.

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

The Election Assistance Commission (EAC) generally concurs with the results of the review and recommendations. Project Vote maintains that the work outlined in the grants received from EAC was successfully completed. However, Project Vote was unable to locate any cost or accounting records to support its or ACORN's expenditures under the grant awards. EAC will work with Project Vote to recover any unsupported or unallowable costs from Project Vote.



Curtis Crider
Inspector General
United States Elections Assistance Commission
Office of the Inspector General
1225 New York Avenue, NW Suite 1100
Washington DC 20005

June 9, 2010

Electronically delivered

Re: Project Vote/Voting for America, Inc.
Applications Nos. EAC 060035 and 060036

Dear Mr. Crider:

Project Vote informed you that it had provided all the documents you requested that was in its possession on April 20, 2007. Realizing that we had not given you a summary of those documents I wanted to follow up with this letter before you completed your investigation.

Your audit was initiated because Congress requested the EAC audit ACORN and ACORN affiliated organizations. As of July, 2008 Project Vote is no longer "affiliated" with ACORN under any definition of the word. While Project Vote has always been a separate, independent corporation and has had a separate, independent Board, we understand that because Project Vote has worked closely with ACORN on voter participation matters and shared a common employee until July 2008 that the EAC felt compelled to initiate the audit. I would like to further state that Project Vote no longer has any working relationships with ACORN.

The audit relates to the two above captioned grants provided to Project Vote in 2006 to facilitate college student participation as poll workers in elections held in November 2006. The grants were issued to Project Vote for work in Michigan and Delaware. Project Vote has provided you with the only four documents it has in its possession that are related to the grants: a spread sheet report of the students participating in the program in Delaware, a May 2007 final report of the Delaware project, a Saginaw Michigan Activity Report and a May 2007 final report of the Michigan Project. The activity report from Saginaw states that the program was such a success that the election officials called and asked that outreach be stopped. In Delaware 125 students were referred to training or trained under the project and 16 were selected as poll workers. As you appeared to agree during our conversation, this shows that the projects funded by the grants were completed successfully. Despite our requests to the sub-contractor Project Vote used to do the outreach and conduct the training, we did not receive any contemporaneous records of time and resources expended pursuant to the projects. If, because of this, you feel the documentation is not adequate to support the expenditure, Project Vote is prepared to return a proportion or all of the funds provided as you see fit.

737 1/2 8th Street SE • Washington, DC 20003
1-800-546-8683 • www.projectvote.org

Please feel free to call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Mellor".

Brian Mellor
Senior Counsel
Project Vote/Voting for America, Inc.
202-553 4317
bmellor@projectvote.org

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

