

SEMIANNUAL REPORT

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



***For the Period:
April 1, 2008, Through
September 30, 2008***



U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL
1225 New York Ave. NW – Suite 1100
Washington, DC 20005

October 31, 2008

The Honorable Rosemary Rodriguez
Chairwoman
U.S. Election Assistance Commission
1225 New York Avenue NW– Suite 1100
Washington, D.C. 20005

Dear Madam Chairwoman:

The Inspector General Act of 1978 (Public Law 95–452), as amended, calls for the preparation of semiannual reports to the Congress summarizing the activities of the Office of Inspector General (OIG) for the six-month periods ending each March 31 and September 30. I am pleased to enclose the report for the period from April 1, 2008 to September 30, 2008.

The Inspector General's report covers audits, investigations and other reviews conducted by the OIG as well as audits conducted by independent auditors. The report also indicates the status of management decisions whether to implement or not to implement recommendations made by the OIG.

The Act requires that you transmit the report to the appropriate committees of the Congress within 30 days of receipt, together with any comments you may wish to make. Comments that you might offer should be included in your management report that is required to be submitted along with the Inspector General's report. The due date for submission of both reports is November 30, 2008.

I appreciate the continuing support we have received from the Chair's Office and your managers throughout the Commission. Working together, I believe we have taken positive steps to improve Commission programs and operations.

Sincerely,



Curtis Crider
Inspector General

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EAC PROFILE

Congress established the Election Assistance Commission (EAC) with the passage of the Help America Vote Act (HAVA) in October 2002.

Among EAC's Key Duties Are:

HAVA requires EAC's to:

Instituting a program to test and certify voting systems to standards developed by EAC

Generate technical guidance on the administration of federal elections.

Produce voluntary voting systems guidelines.

Administering the use of \$3.1 billion in Federal payments and grants

Research and report on matters that affect the administration of federal elections.

Otherwise provide information and guidance with respect to laws, procedures, and technologies affecting the administration of Federal elections.

Researching various Federal election administration topics

Administer payments to States to meet HAVA requirements.

Manage funds targeted to certain programs designed to encourage youth participation in elections.

Develop a national program for the testing, certification, and decertification of voting systems.

Maintain the national mail voter registration form

that was developed in accordance with the National Voter Registration Act of 1993 (NVRA), report to Congress every two years on the impact of the NVRA on the administration of federal elections, and provide information to States on their responsibilities under that law.

Audit organizations which received federal funds authorized by HAVA from the General Services Administration or the Election Assistance Commission.

Submit an annual report to Congress describing EAC activities for the previous fiscal year.

OIG OPERATIONS

HAVA added the EAC to the list of designated Federal entities covered by the Inspector General Act (IG) of 1978 (Public Law 95-452, as amended). According to the IG Act, inspectors general:

Conduct and supervise internal reviews, audits and evaluations of agency programs and operations;

Provide leadership and coordination, and recommend actions to management, which: (1) promote economy, efficiency, and effectiveness in agency programs and operations; and (2) prevent and detect fraud, waste, abuse, and mismanagement of government resources; and

Keep the agency head, management, and the Congress fully informed regarding problems and

deficiencies, and the progress of corrective action.

State Audits

Audits of the Use of HAVA Funds by States

Two audits of State use of HAVA funds were completed during the six month period. The objective of the audits was to determine whether the States:

(1) managed HAVA funds in accordance with the Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments (the Common Rule) and the Cost Principles for State, Local, and Indian Tribal Governments (Office of Management and Budget Circular A-87) and

(2) complied with HAVA requirements for maintaining the election fund and sustaining the State's level of expenditures for elections.

New Mexico

The audit of New Mexico identified the following issues that needed to be addressed by the New Mexico Secretary of State:

- ✓ The Office of the Secretary of State paid a contractor \$6,271,810 to create a public education campaign on voting matters. Because of uncertainty over the basis for paying the contractor, the lack of contractor support for all costs billed, and

the payment for services billed but not performed, we questioned all contract payments.

- ✓ The Office of the Secretary of State used HAVA Section 101 funds of \$36,540 to pay for costs that were incurred prior to the period for which funds were available.
- ✓ Equipment purchased with HAVA funds was not adequately accounted for.
- ✓ New Mexico did not meet its five percent matching requirement of \$751,568 to qualify for HAVA Section 251 funds of \$14,279,790.
- ✓ Interest of \$147,799 earned on HAVA funds was not deposited timely into the state election fund.
- ✓ Program income realized from the use of equipment purchased with HAVA funds was not properly accounted for by the Office of the Secretary of State and county election offices.

In an April 30, 2008 response to the draft report, New Mexico generally agreed with the findings and recommendations and indicated that corrective actions had been completed or were underway. The EAC is in process of resolving the findings with the Secretary of State.

Minnesota

The audit of Minnesota found that Minnesota 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 Secretary of State also complied with section 251 requirements. However, the audit found that Minnesota had not timely deposited the remainder of its five percent matching share of HAVA Section 251 funding into the Election Fund.

In a June 12, 2008 response to the draft report, Minnesota agreed with the report's finding and recommendation, and provided documentation that showed that the matching shortfall and additional interest earnings were deposited into the Election Fund. Minnesota deposited \$42,505 into the Election Fund.

Other Activities

The IG Act requires reporting on other categories. We are reporting no actions in the following categories:

- Reviews of Legislation, Rules, Regulations and Other Issuances
- Investigations
- Matters Referred to Prosecuting Authorities
- Denial of Access to Records

- Significant Revised Management Decisions Made During the Period
- Significant Management Decisions with Which the Inspector General Disagrees

Reports Issued

***Performance
Reviews***

None

State Audits

1. Administration of Help America Vote Act Funds by the New Mexico Secretary of State (Assignment No. E-HP-NM-01-07), May 2008

2. Administration of Payments Received Under the Help America Vote Act by the State of Minnesota Secretary of State (Assignment Number E-HP-MN-03-08), July 2008

Evaluations

None

Monetary Impact Of Audit Activities*

Questioned Costs	\$ 6,308,350
Potential Additional Program Funds	\$ 940,682
Funds be Put to Better Use	\$ 0
Total	<u><u>\$ 7,249,032</u></u>

* Unsupported costs are included in questioned costs.

Reports With Questioned Costs

<i>Category</i>	<i>Number</i>	<i>Questioned Costs</i>	<i>Unsupported Costs</i>
A. For which no management decision had been made by the beginning of the reporting period.	0	\$ 0	\$ 0
B. Which were issued during the reporting period.	1	\$ 6,308,350	\$ 0
Subtotals (A+B)	1	\$ 6,308,350	\$ 0
C. For which a management decision was made during the reporting period.	0	\$ 0	\$ 0
(i) Dollar value of recommendations that were agreed to by management.		\$ 0	\$ 0
(ii) Dollar value of recommendations not agreed to by management.		\$ 0	\$ 0
D. For which no management decision has been made by the end of the reporting period.	1	\$ 6,308,350	\$ 0
E. Reports for which no management decision was made within 6 months of issuance.	0	\$ 0	\$ 0

Reports With Potential Additional Program Funds

<i>Category</i>	<i>Number</i>	<i>Dollar Value</i>
A. For which no management decision had been made by the beginning of the reporting period.	0	\$ 0
B. Which were issued during the reporting period.	2	\$ 940,682
Subtotals (A+B)	2	\$ 940,682
C. For which a management decision was made during the reporting period.	1	\$ 41,315
(i) Dollar value of recommendations that were agreed to by management.		\$ 41,315
(ii) Dollar value of recommendations that were not agreed to by management.		\$ 0
D. For which no management decision has been made by the end of the reporting period.	1	\$ 899,367
E. Reports for which no management decision was made within six months of issuance.	0	\$ 0

Summary of Reports More Than 6 Months Old Pending Corrective Action At September 30, 2008

This is a listing of performance, evaluation and reports on the states use of HAVA funds that more than 6 months with management decisions for which corrective action has not been completed. It provides report number, title, issue date, and the number of recommendations without final corrective action.

E-HP-NJ-04-06	Administration of Payments Received Under the Help America Vote Act by the Office of the Attorney General, New Jersey Department of Law and Public Safety, September 2006, 9 Recommendations
E-HP-IL-07-06	Administration of Payments Received Under the Help America Vote Act by the Illinois State Board of Elections, October 2006, 8 Recommendations
E-HP-PA-10-06	Administration of Payments Received Under the Help America Vote Act by the Secretary of the Commonwealth of Pennsylvania, January 2007, 2 Recommendations
E-HP-SC-11-06	Administration of Payments Received Under the Help America Vote Act by the South Carolina Election Commission, January 2007, 4 Recommendations
E-HP-OH-09-06	Administration of Payments Received Under the Help America Vote Act by the Ohio Secretary of State, May 2007, 2 Recommendations
E-HP-MD-08-06	Administration of Help America Vote Act Funds by the Maryland State Board of Elections, June 2007, 5 Recommendations
E-HP-KY-02-07	Administration of Payments Received Under the Help America Vote Act by the Commonwealth of Kentucky State Board of Elections, August 2007, 1 Recommendation

- E-HP-MO-04-07 Administration Of Payments Received Under The Help America Vote Act By The Missouri Secretary Of State, October 2007, 1 Recommendation
- E-HP-WY-03-07 Administration Of Payments Received Under The Help America Vote Act By The Wyoming Secretary Of State Elections Division, January 2008, 2 Recommendations
- I-PA-EAC-01-06 Improvements Needed in the Management of Travel by the Election Assistance Commission, July 2007, 4 Recommendations
- I-EV-EAC-01-07A Preliminary Assessment of EAC's Compliance with the Requirements of the Federal Information Security Management Act, August 2007, 4 Recommendations
- I-EV-EAC-01-07B Assessment of the U.S. Election Assistance Commission's Program and Financial Operations, February 2008, 21 Recommendations

Reporting Requirements of the IG Act

<i><u>Section of Act</u></i>	<i><u>Requirement</u></i>	<i><u>Page</u></i>
Section 4(a)(2)	Review of Legislation and Regulations	None
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(2)	Recommendations for Corrective Action With Respect to Significant Problems, Abuses, and Deficiencies	None
Section 5(a)(3)	Significant Recommendations From Agency's Previous Report on Which Corrective Action Has Not Been Completed	11
Section 5(a)(4)	Matters Referred to Prosecutive Authorities and Resulting Convictions	None
Section 5(a)(5)	Matters Reported to the Head of the Agency	None
Section 5(a)(6)	List of Reports Issued During the Reporting Period	7
Section 5(a)(7)	Summary of Significant Reports	3
Section 5(a)(8)	Statistical Table – Questioned Costs	9
Section 5(a)(9)	Statistical Table – Recommendations That Funds Be Put to Better Use	None
Section 5(a)(10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	None
Section 5(a)(11)	Significant Revised Management Decisions Made During the Reporting Period	None
Section 5(a)(12)	Significant Management Decisions With Which the Inspector General Is in Disagreement	None
Section 5(a)(13)	Information Described Under Section 05(b) of the Federal Financial Management Improvement Act of 1996	None

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
1225 New York Ave. NW – Suite 1100
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
1225 New York Ave. NW – Suite 1100
Washington, DC 20005

E-mail: eacoig@eac.gov

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

FAX: 202-566-0957
