



EAC MANAGEMENT DECISION:

Resolution of the OIG Audit Report on the Administration of Payments Received Under the Help America Vote Act by the Pennsylvania Bureau of Commissions, Elections and Legislation for the Period January 1, 2006 Through July 31, 2010 Report No. E-HP-PA-10-10

July 6, 2011

BACKGROUND

The EAC is an independent, bipartisan agency created by the Help America Vote Act of 2002 (HAVA). EAC assists and guides state and local election officials in improving the administration of elections for Federal office. EAC distributes HAVA funds to States for the acquisition of voting systems, and supports the establishment of statewide voter registration lists, and other activities to improve the administration of elections for Federal office. EAC monitors State use of HAVA funds to ensure funds distributed are being used for authorized purposes. To help fulfill this responsibility, the EAC determines the necessary corrective actions to resolve issues identified during Single Audit Act and Department of Inspector General (OIG) audits of state administration of HAVA funds. The EAC OIG has established a regular audit program to review the use of HAVA funds by States. The OIG's audit plan and audit reports can be found at www.eac.gov.

The EAC Audit Follow-up Policy authorizes the EAC Executive Director to issue the management decision for OIG audits of Federal funds to state and local governments, to non-profit and for-profit organizations, and for single audits conducted by state auditors and independent public accountants (external audits). The Executive Director has delegated the evaluation of final audit reports provided by the OIG and single audit reports to the Director of the HAVA Grants Division of EAC. The Division provides a recommended course of action to the Executive Director for resolving questioned costs, administrative deficiencies, and other issues identified during an audit. The EAC Executive Director issues the EAC Management Decision that addresses the findings of the audit and details corrective measures to be taken by the State.

States may appeal the EAC management decisions. The EAC Commissioners serve as the appeal authority. A State has 30 days to appeal the EAC management decision. All appeals must be made in writing to the Chair of the Commission. The Commission will render a decision on the appeal no later than 60 days following receipt of the appeal or, in the case where additional information is needed and requested, 60 days from the date that the information is received from the State. The appeal decision is final and binding.

Please note, with two vacancies the Commission presently lacks a quorum to conduct appeals. The 30 day period to file an appeal remains in place. However, the 60 day period for a decision will toll until a Commission quorum is reestablished.

AUDIT HISTORY

The OIG issued an audit report on the administration of payments received under the Help America Vote Act (HAVA) by the Pennsylvania Bureau of Commissions, Elections and Legislation (BCEL) on May 6, 2011. 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, the audit concluded that the BCEL generally accounted for and expended funds in accordance with requirements for the period from January 1, 2006 through July 31, 2010.

Finding 1 – Property Records for HAVA Funded Equipment

The equipment 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.

Recommendation:

1. The auditors recommended 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.

EAC Response:

EAC will work with BCEL officials to ensure adherence with the property recordkeeping requirements of the Common Rule.

Finding 2 – 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 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.

Recommendation:

2. The auditors recommended that the EAC work with the BCEL to return 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 EAC.

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

EAC Response:

EAC will work with BCEL officials to return Section 102 funds and interest.

Finding 3 – 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, the auditors 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.

Recommendation:

3. The auditors recommended that the EAC work with the Department of State (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 question.

EAC Response:

EAC will review the documentation provided by BCEL officials to determine appropriate corrective action.