



EAC MANAGEMENT DECISION:

Resolution of the OIG Audit Report on the Administration of Grant Funds Received Under the Help America Vote College Program By Project Vote, Report No. E-HP-SP-05-10

November 24, 2010

BACKGROUND

The Election Assistance Commission (EAC) is an independent, bipartisan agency created by the Help America Vote Act (HAVA). 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. EAC monitors the use of grant 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. The EAC OIG has established a regular audit program to review the use of funds by grant recipients. 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 Grants 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 award recipient.

Award recipients may appeal the EAC management decisions. The EAC Commissioners serve as the appeal authority. A recipient 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.

AUDIT HISTORY

On October 9, 2009, former EAC Chair Gineen Bresso requested that the OIG review grants issued to Project Vote under the Help America Vote College Program. The OIG issued its audit report on the administration of payments received under the Help

America Vote College Program by Project Vote on November 8, 2010. The audit concluded 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.

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 did not produce financial reports required to be submitted by Project Vote as part of its grant agreement. As a result of the absence of cost records, all \$33,750 in costs associated with grants made to Project Vote in 2006 are unsupported and are, therefore, questioned.

OIG Recommendations to 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 Response:

Project Vote in a letter to the Office of Inspector General dated June 9, 2010, provided additional information concerning the two grants issued to Project Vote in 2006. 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 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 (ACORN). The letter further stated that Project Vote was no longer affiliated with ACORN.

EAC Response to Recommendation 1:

The EAC has contacted Project Vote to determine whether Project Vote has any records to support costs under the grants. To date, Project Vote has been unable to provide any cost records or documentation of expenditures under the grants. Therefore, the EAC has determined that costs associated with this grant are unsupported and thus unallowable. EAC considers this matter closed.

EAC Response to Recommendation 2:

The EAC has conducted a search of its paper and electronic files including email accounts of former EAC employees. Project Vote did not submit any documentation to the EAC that would support costs under the awards. EAC considers this matter closed.

EAC Response to Recommendation 3:

The EAC has reviewed the documents submitted by Project Vote. Project Vote submitted final progress reports and maintains that the work outlined in the grants received from EAC was successfully completed by its sub-contractor, ACORN. However, Project Vote was unable to locate any cost or accounting records to support its or any expenditures made by sub-contractors under the grant awards and never transferred any grant funds to ACORN. Accordingly, the EAC disallows \$33,750 and determines that this amount must be repaid to EAC. EAC is requesting that Project Vote remit \$33,750 to the EAC no later than December 10, 2010.

EAC Response to Recommendation 4:

The EAC agrees that it should continue to follow policy and procedure established in the grant awards in obtaining and maintaining required reporting documents and has recently increased its knowledge base and level of expertise in grants management and oversight. The EAC monitors the submission of required reports. The EAC maintains a tracking sheet to ensure compliance with reporting requirements. Failure to timely submit required reports results in follow-up action by the EAC Grants Division. In addition, EAC has promulgated suspension and debarment regulations which provide a formal procedure to EAC to hold future grantees accountable to the Federal government. Corrective action is complete.