DEBRA BOWEN | SECRETARY OF STATE | STATE OF CALIFORNIA
1500 11th Street, 6th floor | Sacramento, CA 95814 | Tel (916) 653-7244 | Fax (916) 653-4620 | www.sos.ca.gov

June 4, 2009

County Clerk/Registrar of Voter (CC/ROV) Memorandum# 09089

TO: All County Clerks/Registrars of Voters

FR: Chris Reynolds, Deputy Secretary of State, HAVA Activities

RE: Administrative: Inventory controls for voting equipment

The federal audit of California's implementation of the Help America Vote Act of 2002 (HAVA) is approaching its final stages. We have received draft copies of the Notice of Findings and Recommendations (NFR) from auditors conducting the audit on behalf of the U.S. Election Assistance Commission (EAC) Office of the Inspector General (OIG).

One of those NFRs addresses a finding related to inventory controls for electronic voting equipment purchased with HAVA funds. The finding relates to voting equipment purchased with HAVA Section 251 funds (through the county/state 301 contract) and voting equipment purchased with HAVA Section 102 funds (punch card voting equipment replacement funding), if the county received those funds. (A copy of the NFR is attached. A copy of the language from the federal regulation governing property management requirements is included at the end of this memorandum.)

Per the EAC's NFR, counties should have in place an inventory tracking/control system that includes the following information about individual voting units:

- Description of property;
- Serial number or other identification number that is unique for each voting unit;
- Source of property;
- Titleholder of property (may be county or other entity);
- Date of acquisition;
- Property cost;
- Percentage of Federal participation in the cost of the property;
- Location of property;
- Use and condition of property; and
- Disposition data and sale price of the property (for disposed or sold property when applicable).

The county should be able to use its inventory control system to:

- Identify a specific voting unit (chosen at random from the inventory list);
- Access the information above about that voting unit;

- Use the serial number or identification number, which is unique to an individual voting unit, to locate the equipment in the county's warehouse or storage facility;
- Match the serial number or identification number to the equipment located in the warehouse or storage facility.

This process should also work in reverse. The county should be able to use the serial number or identification number on an individual voting unit and be able to match that serial number or identification number to its inventory control system list.

Many counties have deployed asset-tracking systems and each of the seven counties visited by auditors could supply an inventory list of equipment. However, in the majority of cases, the inventory control systems in the counties that auditors visited were found lacking in some aspect. This memorandum serves as a reminder that your county's contract(s) with the state require you to comply with federal rules associated with receiving funds, including these property management rules. The memorandum also serves a request that you review your county's property management practices and tools to ensure that your inventory control system meets the requirements outlined here and to rectify deficiencies in that system, if any exist, as soon as practicable.

Please do not hesitate to contact me if you have any questions about this issue at (916) 651-7837 or via e-mail at creynolds@sos.ca.gov. Thank you.

For your information, below is a copy of the Office of Management and Budget (OMB) circular A-102 (also called the Common Rule) that relates to property management:

41 CFR Section 105-71.132(d)(2) – GSA version of the common rule:

(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds the title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the data of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft of the property. Any loss, damage or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

In addition, the EAC has issued guidance that states when equipment purchased with HAVA funds is sold by a county, the proceeds from the sale of the equipment must be accounted for and used to pay for replacement equipment, or for other purposed allowable under HAVA Section 251 (see EAC advisory opinions FAO 08-006 FAO 08-007 and at http://www.eac.gov/election/advisories%20and%20guidance).