



U.S. ELECTION ASSISTANCE COMMISSION
1201 New York Ave. NW – Suite 300
Washington, DC 20005

December 30, 2010

Chris Reynolds
Deputy Secretary of State
Office of the Secretary of State
1500 11th Street, Elections Division, 6th Fl.
Sacramento, CA 95814-2974

Dear Deputy Secretary Reynolds:

Attached please find the transmittal memorandum from the final management decision for the OIG Audit Report on the Administration of Payments Received under the Help America Vote Act by California (Report No. E-HP-CA-01-09). I would like to thank you for your cooperation and commend your staff for their efforts in working with the EAC staff to resolve the issues identified by the auditors.

This memorandum contains final correspondence that will not require follow-up by you or your staff. If you have any questions, please do not hesitate to contact me at (202) 566-3113 or mevans@eac.gov.

Thank you again for your cooperation in concluding this audit.

Sincerely,

A handwritten signature in cursive script that reads "Monica Holman Evans".

Monica Holman Evans,
Acting Director
Grants Management and Payments

CC: Dora Mejia, Chief - Management Services Division

Attachment

Transmittal Memorandum

To: Curtis W. Crider
From: Monica Holman Evans 
Date: December 2, 2010
Re: Status of Audit Recommendation – E-HP-CA-01-09

This transmittal confirms that the EAC has resolved and implemented recommendations contained in the Final Audit Report, Administration of Payments Received Under HAVA by California's Secretary of State (Report no. E-HP-CA-01-09).

Recommendation 1 – Accounting and Reporting Errors

Management Decision: The SOS has internal controls regarding the appropriate review of financial reports prior to filing. The EAC has reviewed the most recent SF 269 reports submitted by the SOS. The most recent financial reports are complete and accurate. The EAC will ensure that the revised reports are on file for the period in question and that reconciliation procedures are fully implemented.

The California Secretary of State (SOS) provided a copy of its reconciliation procedures that ensure the accuracy of its accounting records of federal funds and the information presented on Federal Financial Reports (SF425). The SOS also provided information regarding the implementation of these procedures.

The EAC considers this matter closed.

Recommendation 2 – Financial Management System-Interest

Management Decision: The EAC will verify that all interest earned on the advanced funds was transferred to the county's HAVA election fund. EAC will also ensure that the SOS verifies County interest calculations. Additionally, the EAC will review the SOS's policy for providing funding to counties.

The SOS provided correspondence to Los Angeles County regarding the calculation of interest earned. The SOS verified the amount of interest and certified that the funds have been deposited in a segregated account. The SOS also provided documentation from the County regarding the liquidation of funds and the status of remaining funds.

The SOS provided a copy of the reimbursement-based contract used to administer funds allocated to California counties and the reimbursement procedures provided by the SOS to counties to guide them when submitting claims. The SOS also provided its procurement policies.

The EAC considers this matter closed.

Recommendation 3 – Property Management

Management Decision: EAC will work with the SOS to ensure property inventories reflect standards as set forth in the Common Rule and guidance to counties. EAC will verify the correction of incorrect property records.

The SOS provided information that the deficiencies with the property management records have been corrected. Further, the SOS provided information regarding property management standards to all counties in California. Finally, the SOS provided a copy of the action plan to verify that proper property management controls are in place.

The EAC considers this matter closed.

Recommendations 4 - Procurement

Management Decision: The EAC will determine if additional HAVA funds beyond the \$81,374 identified have been used to print voter registration forms. Additionally, EAC will work with the SOS to determine if all or part of the \$81,374 expense is an appropriate use of HAVA funds.

The SOS provided invoices indicating \$559,500 was spent for voter registration using HAVA funds. Even though the SOS reiterates its position that payment for voter registration forms should be allowed during the period in question, documentation was provided that will offset the amount of funds used to print voter registration forms. The SOS provided documentation of \$610,353.95 that is being used to offset \$559,500 for the printing of voter registration forms.

The EAC considers this matter closed.

Attachment