

HAVA GRANTS AND MONITORING

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Overview of the Help America Vote Act (HAVA) Grants

- Types of Grants
- Benefit Periods
- Program Income
- Procurement
- Supplemental Award Amounts
- Grant Compliance / Monitoring of Grants
- Election Assistance Commission (EAC)
Audits and Findings

Grants – Funding Periods

- The following grants have been extended until December 31, 2011:
 - The County Education Fund
 - General HAVA Compliance
- The following grants expired on December 31, 2009:
 - Voting System Accessibility
 - TEAM Compatibility
 - Polling Place Accessibility
 - Opportunity for Access

Grants – Uses

- The County Education Fund
 - Attend professional election training such as conferences and seminars.
- General HAVA Compliance
 - Maintain compliance with Title III of HAVA.
 - Voting System Expenses
 - Voter Education
 - Election Worker Training
 - TEAM
 - MOVE Act

Program Income

- Program income (PI) is defined as gross income received from a grant-supported activity during the grant period.
 - Fees from the use or rental of real or personal property acquired with grant funds.
 - e.g., grant-funded equipment that is leased to local entities.
 - Include rental fees, transportation fees, programming fees, and administrative fees.

Program Income Uses

- Program income (PI) must be accounted for and tracked in the county treasury.
- PI can only be used for HAVA-eligible expenditures.
 - e.g., PI cannot be transferred into general revenue and used for purposes other than HAVA-related activities.

Program Income Reporting

- Gross revenue collected from other entities for the use of equipment or services that are attributable to HAVA funded activities.
- The state has opted not to deduct costs incident to the generation of program income.
 - Less Risk
- Report Periods
 - Voting System Accessibility and General HAVA Compliance Grants: October 1 – September 30
 - Voting System Replacement Grants: January 1 – December 31
- County Financial Officers must report program income annually to SOS no later than November 30 via the online grant system.

Procurement

- Local procurement procedures may be utilized assuming they do not contradict or prove less restrictive than state or federal regulations.
 - e.g., the state threshold for competitive bids is \$5,000.

Supplemental Funding

- Increase to the General HAVA Compliance Fund
 - Notifications went out in May.
 - Just under a 14% percent increase based on the original Voting System Accessibility and General HAVA Compliance awards.

Overview of Monitor Reviews

- Purpose of the reviews
- What to expect and how to prepare
- Findings and Resolutions
- Refunds
- Noncompliance
- Continued monitoring
- Disposition of Equipment
- Election Assistance Commission (EAC) Audit Findings

Purpose of the Monitor Reviews

- The purpose of the monitoring review is to ensure that all program activities conducted by each county are compliant with the following:
 - HAVA-Title I, Section 101 and Section 102, if applicable;
 - HAVA-Title II, Section 251 and Section 261;
 - Uniform Grant Management Standards (UGMS);
 - The Office of Management and Budget Circulars (OMB), specifically, A-87, A-102, A-133;
 - The Texas State HAVA Plan and;
 - The Grant Award Agreement(s) between the SOS and the county.

What to Expect

Programmatic Monitoring

- Review of Procurement Process during the acquisition of the voting systems and equipment.
- Review of Annual Independent Single Audits, if applicable.
- County Procurement and Travel Policies and Procedures.
- Review of the county's Property Management, which includes: equipment storage facility, the equipment inventory list, inventory tracking, and the serial numbers.

What to Expect

Financial Monitoring

- Reconciliation of all expenditures reported within the HAVA online grant system.
- Reconciliation of all HAVA funded travel.
- Review of reimbursement dates to ensure vendors were paid prior to receipt of HAVA funds.
- Review of Chapter 19 and Primary Finance to ensure funding for travel and/or equipment has not been reimbursed from multiple funding sources.
- Reimbursements are for **Actual** expenditures.
- Review of reported Program Income.

How to Prepare

- The HAVA Grant Review will either be conducted as a desk review or on-site visit.
- A documentation request will be sent to the county detailing the information needed.
- **Copies** of the documentation will be requested. Please organize accordingly.
- Copies of bank statements itemizing the dates the county received HAVA reimbursement.
- Copies of cancelled checks for expenditures.
- **Receipts! Receipts! Receipts!** If you can't justify an expenditure with an invoice or receipt, the expenditure will be considered unallowable.

Findings & Resolutions

- If there are findings, the SOS will issue a Preliminary Findings Report to identify the issues along with recommended resolutions.
- A written management response will be requested. The county must address all findings in the response.
- If the county disagrees with any of the findings, this is the time to provide justification and additional documentation if applicable.
- Once the SOS reviews the county's response and findings are resolved, the SOS will issue a Final Findings Report.
- General Timeframe of Review.

Refunds

- It is possible the SOS may determine some expenditures are ineligible for reimbursement.
- In the event it is determined the county received an overpayment, the SOS will request a refund, unless the county incurred other eligible expenditures prior to the reimbursement that can be substituted into the budget.
- Refunds received will be deposited back into the appropriate purpose area and will be available to the county for future eligible expenditures.

Refunds

- If it is determined the county received an overpayment from a grant that is closed, those funds will not be returned to the purpose area and will not be available to the county.
- Any interest earned on HAVA reimbursements as an advance payment is required to be returned to the SOS. The funds will be deposited into the Election Improvement Fund at the state level.
- Refunds must be received before the SOS issues the Final Findings Report, which concludes the review.

Noncompliance

- Although most counties have been exceptionally cooperative, issues of noncompliance may occur.
- If a county fails to comply with any term or condition of the Grant Award Agreement(s), statutes, rules, regulations, or guidelines, the SOS may take one or more of the following actions:

Noncompliance

- Refund of funds if already disbursed.
- Temporarily withhold all payments to the county pending compliance.
- Disallow all or part of the cost of the activity or action that is not in compliance.
- Impose administrative sanctions, other than fines, on the county.
- Withhold further HAVA grant funds.
- Terminate the agreements in whole or in part.
- Exercise other remedies that may be legally available.

Continued Monitoring

- The SOS reserves the right to continue to monitor the county, conduct a follow-up reviews, and may make unannounced visits at any time throughout the existence of the grant.
- Maintain organized, thorough documentation and must be accessible for monitoring purposes.
- Must retain records for at least three (3) years following the submission of the final expenditure report.
- Ensure the county follows any agreed resolutions offered during the review.

Disposition of Equipment

“What do we do with old equipment that we no longer use?”

- When replacing HAVA-funded equipment, the county may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.
- Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency.
- Items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

Disposition of Equipment

- The Election Assistance Commission (EAC) considers the aggregate fair market value of the equipment rather than a per-unit value.
 - Example: 3 voting units valued at \$1,700 per-unit would have an aggregate value of \$5,100.
- Any cash received from the equipment shall be placed in the election fund at either the county or state level and used for HAVA approved activities.

EAC Audits and Findings

- The EAC will be conducting an audit of the TX SOS in December 2010.
- The EAC will also be visiting counties to see if they are compliant with Federal regulations.
- Consistent findings with regards to property management, in particular equipment inventory lists.

Property Management Findings

- Ensure all HAVA funded equipment is accounted for on the inventory list.
- Ensure serial numbers are accurate.
- Be prepared to promptly locate any piece of equipment on the list.
- Ensure adequate security measures are taken.
 - ❖ *Inventory Lists must conform to federal rules, and the Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments, 41 CFR 105-71.132. This is also a requirement of the Grant Award Agreement.*

Inventory List Requirements

The following information must be identified:

1. Description
2. Serial number
3. Source of property (funding source, i.e. HAVA, County, Other)
4. Who holds the title
5. The acquisition date
6. The cost
7. The percentage of Federal participation in the cost
8. The location
9. The use/condition
10. Any ultimate disposition data including the date of disposal and sale price of the property

Other EAC Audit Findings

- Interest earned on advance payments
 - Not calculated
 - Not deposited into HAVA fund
- Program Income
 - Not properly reported
 - Not properly recorded
 - Not properly expended
 - Deposited into County's General Fund
 - Not determining % allocable to HAVA

Other EAC Audit Findings

- Unjustified expenditures
 - No receipts
- Equipment purchased with HAVA funds also used for non-HAVA related functions.
 - Cost not allocated between general operations and HAVA related activities.
- Payments to vendors for goods/services not received.

Summary

- Be organized and prepared.
- Ensure all receipts/invoices and payments are accessible.
- Ensure Program Income is properly accounted for, expended, and reported.
- Physically reconcile the equipment and update inventory lists.
- Be able to locate all equipment and ensure it is safely secured.